

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549**

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2008

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period from _____ to _____



Commission File Number	Registrant, State of Incorporation, Address and Telephone Number	I.R.S. Employer Identification No.
1-8809	SCANA Corporation (a South Carolina corporation) 1426 Main Street, Columbia, South Carolina 29201 (803) 217-9000	57-0784499
1-3375	South Carolina Electric & Gas Company (a South Carolina corporation) 1426 Main Street, Columbia, South Carolina 29201 (803) 217-9000	57-0248695

Indicate by check mark whether the registrants: (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrants were required to file such reports), and (2) have been subject to such filing requirements for the past 90 days.

SCANA Corporation Yes No South Carolina Electric & Gas Company Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

SCANA Corporation	Large accelerated filer <input checked="" type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input type="checkbox"/>
	Smaller reporting company <input type="checkbox"/>		
South Carolina Electric & Gas Company	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>
	Smaller reporting company <input type="checkbox"/>		

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

SCANA Corporation Yes No South Carolina Electric & Gas Company Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Registrant	Description of Common Stock	Shares Outstanding at July 31, 2008
SCANA Corporation	Without Par Value	116,981,276
South Carolina Electric & Gas Company	\$4.50 Par Value	40,296,147 ^(a)

^(a) Owned beneficially and of record by SCANA Corporation.

This combined Form 10-Q is separately filed by SCANA Corporation and South Carolina Electric & Gas Company. Information contained herein relating to any individual company is filed by such company on its own behalf. Each company makes no representation as to information relating to the other company.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

Statements included in this Quarterly Report on Form 10-Q which are not statements of historical fact are intended to be, and are hereby identified as, “forward-looking statements” for purposes of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements include, but are not limited to, statements concerning key earnings drivers, customer growth, environmental regulations and expenditures, leverage ratio, projections for pension fund contributions, financing activities, access to sources of capital, impacts of the adoption of new accounting rules, estimated construction and other expenditures and factors affecting the availability of synthetic fuel tax credits. In some cases, forward-looking statements can be identified by terminology such as “may,” “will,” “could,” “should,” “expects,” “plans,” “anticipates,” “believes,” “estimates,” “projects,” “predicts,” “potential” or “continue” or the negative of these terms or other similar terminology. Readers are cautioned that any such forward-looking statements are not guarantees of future performance and involve a number of risks and uncertainties, and that actual results could differ materially from those indicated by such forward-looking statements. Important factors that could cause actual results to differ materially from those indicated by such forward-looking statements include, but are not limited to, the following:

- (1) the information is of a preliminary nature and may be subject to further and/or continuing review and adjustment;
- (2) regulatory actions, particularly changes in rate regulation and environmental regulations;
- (3) current and future litigation;
- (4) changes in the economy, especially in areas served by subsidiaries of SCANA Corporation (SCANA);
- (5) the impact of competition from other energy suppliers, including competition from alternate fuels in industrial interruptible markets;
- (6) growth opportunities for SCANA’s regulated and diversified subsidiaries;
- (7) the results of financing efforts;
- (8) changes in SCANA’s or its subsidiaries’ accounting rules and accounting policies;
- (9) the effects of weather, including drought, especially in areas where the generation and transmission facilities of SCANA and its subsidiaries are located and in areas served by SCANA’s subsidiaries;
- (10) payment by counterparties as and when due;
- (11) the results of efforts to license, site and construct facilities for baseload electric generation;
- (12) the availability of fuels such as coal, natural gas and enriched uranium used to produce electricity; the availability of purchased power and natural gas for distribution; the level and volatility of future market prices for such fuels and purchased power; and the ability to recover the costs for such fuels and purchased power;
- (13) performance of SCANA’s pension plan assets;
- (14) inflation;
- (15) compliance with regulations; and
- (16) the other risks and uncertainties described from time to time in the periodic reports filed by SCANA or South Carolina Electric & Gas Company (SCE&G) with the United States Securities and Exchange Commission (SEC).

SCANA and SCE&G disclaim any obligation to update any forward-looking statements.

**SCANA CORPORATION
FINANCIAL SECTION**

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

SCANA CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

Millions of dollars	June 30, 2008	December 31, 2007
Assets		
Utility Plant In Service	\$ 10,014	\$ 9,807
Accumulated Depreciation and Amortization	(3,067)	(2,981)
Construction Work in Progress	597	400
Nuclear Fuel, Net of Accumulated Amortization	81	82
Acquisition Adjustments	230	230
Utility Plant, Net	7,855	7,538
Nonutility Property and Investments:		
Nonutility property, net of accumulated depreciation of \$86 and \$77	154	131
Assets held in trust, net-nuclear decommissioning	60	62
Other investments	80	82
Nonutility Property and Investments, Net	294	275
Current Assets:		
Cash and cash equivalents	150	134
Receivables, net of allowance for uncollectible accounts of \$14 and \$16	591	641
Receivables - affiliated companies	-	29
Inventories (at average cost):		
Fuel and gas supply	220	286
Materials and supplies	108	107
Emission allowances	24	33
Prepayments and other	177	62
Deferred income taxes	-	9
Total Current Assets	1,270	1,301
Deferred Debits and Other Assets:		
Pension asset, net	236	224
Regulatory assets	749	712
Other	114	115
Total Deferred Debits and Other Assets	1,099	1,051
Total	\$ 10,518	\$ 10,165

Millions of dollars	June 30, 2008	December 31, 2007
Capitalization and Liabilities		
Shareholders' Investment:		
Common equity	\$ 3,035	\$ 2,960
Preferred stock (Not subject to purchase or sinking funds)	106	106
Total Shareholders' Investment	3,141	3,066
Preferred Stock, net (Subject to purchase or sinking funds)	7	7
Long-Term Debt, net	3,428	2,879
Total Capitalization	6,576	5,952
Current Liabilities:		
Short-term borrowings	328	627
Current portion of long-term debt	259	233
Accounts payable	414	401
Accounts payable - affiliated companies	-	27
Customer deposits and customer prepayments	77	85
Taxes accrued	70	156
Interest accrued	65	51
Dividends declared	56	53
Other	62	88
Total Current Liabilities	1,331	1,721
Deferred Credits and Other Liabilities:		
Deferred income taxes, net	983	944
Deferred investment tax credits	104	104
Asset retirement obligations	316	307
Postretirement benefits	188	185
Regulatory liabilities	896	830
Other	124	122
Total Deferred Credits and Other Liabilities	2,611	2,492
Commitments and Contingencies (Note 5)	-	-
Total	\$ 10,518	\$ 10,165

See Notes to Condensed Consolidated Financial Statements.

SCANA CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

Millions of dollars, except per share amounts	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
Operating Revenues:				
Electric	\$ 576	\$ 470	\$ 1,064	\$ 913
Gas - regulated	210	191	692	627
Gas - nonregulated	432	346	996	830
Total Operating Revenues	1,218	1,007	2,752	2,370
Operating Expenses:				
Fuel used in electric generation	227	153	404	309
Purchased power	16	7	21	18
Gas purchased for resale	555	447	1,393	1,174
Other operation and maintenance	167	160	344	334
Depreciation and amortization	79	86	159	177
Other taxes	43	38	87	79
Total Operating Expenses	1,087	891	2,408	2,091
Operating Income	131	116	344	279
Other Income (Expense):				
Other income	17	18	37	48
Other expenses	(10)	(8)	(20)	(26)
Interest charges, net of allowance for borrowed funds used during construction of \$4, \$3, \$7 and \$5	(54)	(51)	(107)	(103)
Preferred dividends of subsidiary	(2)	(2)	(4)	(4)
Allowance for equity funds used during construction	2	1	4	1
Total Other Expense	(47)	(42)	(90)	(84)
Income Before Income Tax Expense and				
Earnings (Losses) from Equity Method Investments	84	74	254	195
Income Tax Expense	29	17	91	48
Income Before Earnings (Losses) from Equity Method Investments				
Earnings (Losses) from Equity Method Investments	55	57	163	147
Net Income	\$ 57	\$ 55	\$ 166	\$ 140
Basic and Diluted Earnings Per Share of Common Stock				
Weighted Average Shares Outstanding (millions)	116.7	116.7	116.7	116.7

See Notes to Condensed Consolidated Financial Statements.

SCANA CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

Millions of dollars	Six Months Ended June 30,	
	2008	2007
Cash Flows From Operating Activities:		
Net income	\$ 166	\$ 140
Adjustments to reconcile net income to net cash provided from operating activities:		
Excess losses from equity method investments, net of distributions	-	10
Depreciation and amortization	159	182
Amortization of nuclear fuel	5	9
Allowance for equity funds used during construction	(4)	-
Carrying cost recovery	(3)	(1)
Cash provided (used) by changes in certain assets and liabilities:		
Receivables, net	78	158
Inventories	45	10
Prepayments and other	(102)	8
Pension asset	(8)	(12)
Other regulatory assets	35	22
Deferred income taxes, net	48	4
Regulatory liabilities	47	10
Postretirement benefits	3	3
Accounts payable	17	(112)
Taxes accrued	(86)	(32)
Interest accrued	14	-
Changes in fuel adjustment clauses	(62)	(13)
Changes in other assets	(8)	14
Changes in other liabilities	(17)	(46)
Net Cash Provided From Operating Activities	327	354
Cash Flows From Investing Activities:		
Utility property additions and construction expenditures	(438)	(312)
Proceeds from sale of assets	1	1
Nonutility property additions	(23)	(31)
Investments	2	(10)
Net Cash Used For Investing Activities	(458)	(352)
Cash Flows From Financing Activities:		
Proceeds from issuance of debt	665	-
Repayment of debt	(110)	(31)
Redemption/repurchase of equity securities	-	(4)
Dividends	(109)	(100)
Short-term borrowings, net	(299)	22
Net Cash Provided From (Used For) Financing Activities	147	(113)
Net Increase (Decrease) In Cash and Cash Equivalents	16	(111)
Cash and Cash Equivalents, January 1	134	201
Cash and Cash Equivalents, June 30	\$ 150	\$ 90
Supplemental Cash Flow Information:		
Cash paid for - Interest (net of capitalized interest of \$7 and \$5)	\$ 90	\$ 104
- Income taxes	107	26
Noncash Investing and Financing Activities:		
Accrued construction expenditures	51	34

See Notes to Condensed Consolidated Financial Statements.

SCANA CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

Millions of dollars	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2008	2007	2008	2007
Net Income	\$ 57	\$ 55	\$ 166	\$ 140
Other Comprehensive Income, net of tax:				
Gains (losses) on hedging activities:				
Unrealized holding gains (losses) arising during period, net	14	(6)	20	1
Realized loss on derivatives designated as cash flow hedges	-		(3)	
Reclassification adjustment for (gains) losses included in net income	(4)	-	(1)	11
Total Comprehensive Income ⁽¹⁾	\$ 67	\$ 49	\$ 182	\$ 152

(1) Accumulated other comprehensive loss totaled \$6.5 million as of June 30, 2008 and \$22.3 million as of December 31, 2007.

See Notes to Condensed Consolidated Financial Statements.

SCANA CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2008
(Unaudited)

The following notes should be read in conjunction with the Notes to Consolidated Financial Statements appearing in SCANA Corporation's (SCANA and, together with its consolidated subsidiaries, the Company) Annual Report on Form 10-K for the year ended December 31, 2007. These are interim financial statements, and due to the seasonality of the Company's business and matters that may occur during the rest of the year, the amounts reported in the Condensed Consolidated Statements of Income are not necessarily indicative of amounts expected for the full year. In the opinion of management, the information furnished herein reflects all adjustments, all of a normal recurring nature, which are necessary for a fair statement of the results for the interim periods reported.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The Company accounts for its regulated utility operations, assets and liabilities in accordance with the provisions of Statement of Financial Accounting Standards (SFAS) 71, "Accounting for the Effects of Certain Types of Regulation." SFAS 71 requires cost-based, rate-regulated utilities to recognize in their financial statements certain revenues and expenses in different time periods than do enterprises that are not rate-regulated. As a result, the Company has recorded regulatory assets and regulatory liabilities, summarized as follows.

Millions of dollars	June 30, 2008	December 31, 2007
Regulatory Assets:		
Accumulated deferred income taxes	\$ 161	\$ 161
Under-collections – electric fuel and gas cost adjustment clauses	71	45
Environmental remediation costs	28	26
Asset retirement obligations and related funding	284	274
Franchise agreements	50	52
Deferred employee benefit plan costs	116	120
Other	39	34
Total Regulatory Assets	\$ 749	\$ 712
Regulatory Liabilities:		
Accumulated deferred income taxes	\$ 33	\$ 35
Over-collections – electric fuel and gas cost adjustment clauses	74	19
Other asset removal costs	668	643
Storm damage reserve	51	49
Planned major maintenance	3	15
Monetization of bankruptcy claim	44	45
Other	23	24
Total Regulatory Liabilities	\$ 896	\$ 830

Accumulated deferred income tax liabilities arising from utility operations that have not been included in customer rates are recorded as a regulatory asset. Accumulated deferred income tax assets arising from deferred investment tax credits are recorded as a regulatory liability.

Under- and over-collections - electric fuel and gas cost adjustment clauses, net, represent amounts under- or over-collected from customers pursuant to the fuel adjustment clause (electric customers) or gas cost adjustment clause (gas customers) as approved by the Public Service Commission of South Carolina (SCPSC) or North Carolina Utilities Commission (NCUC) during annual hearings. In addition to fuel and purchased gas, included in these amounts are regulatory assets or liabilities arising from realized and unrealized gains and losses incurred in the natural gas hedging programs of the Company's regulated operations. In addition, the cost of emission allowances and certain reagents used to treat fuel emissions are included.

Environmental remediation costs represent costs associated with the assessment and clean-up of manufactured gas plant (MGP) sites currently or formerly owned by the Company. Costs incurred at sites owned by SCE&G are being recovered through rates, of which \$19.5 million remain to be recovered. SCE&G is authorized to amortize \$1.4 million of these costs annually. At sites owned by Public Service Company of North Carolina, Incorporated (PSNC Energy), costs incurred prior to June 30, 2006, of which \$1.6 million remain, are being recovered through rates over a period ending October 2009. In addition, management believes that costs incurred subsequent to June 30, 2006, which total \$2.3 million, net of insurance recoveries, and estimated remaining costs of \$4.5 million will be recoverable through rates.

Asset retirement obligations (ARO) and related funding represents the regulatory asset associated with the legal obligation to decommission and dismantle V. C. Summer Nuclear Station (Summer Station) and conditional AROs recorded as required by SFAS 143, *"Accounting for Asset Retirement Obligations,"* and Financial Accounting Standards Board Interpretation (FIN) 47, *"Accounting for Conditional Asset Retirement Obligations."*

Franchise agreements represent costs associated with electric and gas franchise agreements with the cities of Charleston and Columbia, South Carolina. Based on an SCPSC order, SCE&G began amortizing these amounts through cost of service rates in February 2003 over approximately 20 years.

Deferred employee benefit plan costs represent amounts of pension and other postretirement benefit costs which were accrued as liabilities under provisions of SFAS 158, *"Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans,"* but which are expected to be recovered through utility rates.

Other asset removal costs represent net collections through depreciation rates of estimated costs to be incurred for the removal of assets in the future.

The storm damage reserve represents an SCPSC-approved collection through SCE&G electric rates, capped at \$100 million, which can be applied to offset incremental storm damage costs in excess of \$2.5 million in a calendar year and certain transmission and distribution insurance premiums. During the six months ended June 30, 2008, \$1.4 million was drawn from the reserve. No amounts were drawn from this reserve for the six months ended June 30, 2007.

Planned major maintenance related to certain fossil hydro turbine/generation equipment and nuclear refueling outages is accrued in advance of the time the costs are incurred, as approved through specific SCPSC orders. SCE&G is allowed to collect \$8.5 million annually over an eight-year period, beginning in January 2005, through electric rates to offset turbine maintenance expenditures. Nuclear refueling charges are accrued during each 18-month refueling outage cycle as a component of cost of service.

The monetization of bankruptcy claim represents proceeds from the sale of a bankruptcy claim which will be amortized into operating revenue through the year 2024.

The SCPSC or the NCUC (collectively, state commissions) or FERC have reviewed and approved through specific orders most of the items shown as regulatory assets. Other regulatory assets represent costs which have not been approved for recovery by a state commission or by FERC. In recording these costs as regulatory assets, management believes the costs will be allowable under existing rate-making concepts that are embodied in rate orders received by the Company. However, ultimate recovery is subject to regulatory approval. In the future, as a result of deregulation or other changes in the regulatory environment, the Company may no longer meet the criteria for continued application of SFAS 71 and could be required to write off its regulatory assets and liabilities. Such an event could have a material adverse effect on the Company's results of operations, liquidity or financial position in the period the write-off would be recorded.

B. Earnings Per Share

In accordance with SFAS 128, "Earnings Per Share," the Company computes basic earnings per share by dividing net income by the weighted average number of common shares outstanding for the period. The Company computes diluted earnings per share using this same formula, after giving effect to securities considered to be dilutive potential common stock. The Company uses the treasury stock method in determining total dilutive potential common stock. The Company has issued no securities that would have an antidilutive effect on earnings per share.

C. Affiliated Transactions

SCE&G holds equity-method investments in two partnerships that were involved in converting coal to synthetic fuel. SCE&G's receivables from and payables to these affiliated companies were each less than \$0.1 million at June 30, 2008. At December 31, 2007, these amounts were \$28.8 million (receivables) and \$26.9 million (payables). SCE&G did not purchase synthetic fuel from these affiliated companies for the six months ended June 30, 2008, and made \$140.5 million of such purchases during the corresponding period in 2007. SCE&G's investment in the two partnerships is expected to be liquidated in 2008 as a result of the expiration of the synthetic fuel tax credit program at the end of 2007.

SCE&G purchases shaft horsepower from a cogeneration facility. The facility is owned by a limited liability company (LLC) in which SCANA holds an equity method investment. SCE&G's payables to the LLC were \$2.1 million at June 30, 2008 and December 31, 2007. SCE&G purchased \$6.9 million and \$14.7 million of shaft horsepower from the LLC for the three and six months ended June 30, 2008, respectively, and purchased \$6.1 million and \$13.4 million of shaft horsepower from the LLC for the three and six months ended June 30, 2007, respectively.

D. Pension and Other Postretirement Benefit Plans

Components of net periodic benefit income or cost recorded by the Company were as follows:

Millions of dollars	Pension Benefits		Other Postretirement Benefits	
	2008	2007	2008	2007
<i>Three months ended June 30,</i>				
Service cost	\$ 3.9	\$ 3.5	\$ 1.1	\$ 1.2
Interest cost	10.9	10.4	3.1	3.0
Expected return on assets	(20.5)	(20.1)	-	-
Prior service cost amortization	1.8	1.7	0.3	0.3
Transition obligation amortization	-	-	0.2	0.2
Amortization of actuarial loss	-	-	-	0.3
Net periodic benefit (income) cost	\$ (3.9)	\$ (4.5)	\$ 4.7	\$ 5.0

Millions of dollars	Pension Benefits		Other Postretirement Benefits	
	2008	2007	2008	2007
<i>Six months ended June 30,</i>				
Service cost	\$ 7.8	\$ 7.0	\$ 2.2	\$ 2.4
Interest cost	21.8	20.7	6.1	6.0
Expected return on assets	(40.9)	(40.2)	-	-
Prior service cost amortization	3.5	3.4	0.6	0.6
Transition obligation amortization	-	-	0.4	0.4
Amortization of actuarial loss	-	-	-	0.6
Net periodic benefit (income) cost	\$ (7.8)	\$ (9.1)	\$ 9.3	\$ 10.0

E. New Accounting Matters

SFAS 161, “*Disclosure about Derivative Instruments and Hedging Activities*,” was issued in March 2008. SFAS 161 requires enhanced disclosures about an entity’s derivative and hedging activities to include how derivative instruments are accounted for and the effect of such activities on the entity’s financial statements. SFAS 161 is effective for fiscal years beginning after November 15, 2008. The Company has not determined what impact, if any, the adoption will have on the Company’s results of operations, cash flows or financial position. The Company believes it will likely be required to provide additional disclosures as a part of future financial statements.

SFAS 160, “*Noncontrolling Interests in Consolidated Financial Statements*,” was issued in December 2007. SFAS 160 requires entities to report noncontrolling (minority) interests in subsidiaries as equity. SFAS 160 is effective for fiscal years beginning after December 15, 2008. The Company has not determined what impact, if any, that adoption will have on the Company’s results of operations, cash flows or financial position.

SFAS 141(R), “*Business Combinations*,” was issued in December 2007. SFAS 141(R) requires the acquiring entity in a business combination to recognize the assets acquired and the liabilities assumed at their fair values at the acquisition date. SFAS 141(R) also requires the acquirer to disclose all of the information needed to evaluate and understand the nature and financial effect of the business combination. SFAS 141(R) is effective for fiscal years beginning after December 15, 2008. The Company has not determined what impact, if any, that adoption will have on the Company’s results of operations, cash flows or financial position.

SFAS 159, “*The Fair Value Option for Financial Assets and Financial Liabilities*,” was issued in February 2007. SFAS 159 allows entities to measure at fair value many financial instruments and certain other assets and liabilities that are not otherwise required to be measured at fair value. SFAS 159 became effective for fiscal years beginning after November 15, 2007. The Company has not elected to measure at fair value any permitted items that are not otherwise required to be measured at fair value. As a result, SFAS 159 has not had an impact on the Company’s results of operations, cash flows or financial position.

The Company adopted SFAS 157, “*Fair Value Measurements*,” in the first quarter of 2008 for financial assets and liabilities and for nonfinancial assets and liabilities recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). As permitted by FASB Staff Position 157-2 (FSP FAS 157-2), the Company will adopt SFAS 157 for all other nonfinancial assets and liabilities in the first quarter of 2009. SFAS 157 establishes a framework for measuring the fair value of assets and liabilities recognized in the financial statements in periods subsequent to initial recognition. The initial adoption of SFAS 157 did not impact the Company’s results of operations, cash flows or financial position.

The Company relies on market transactions to determine the fair value of available for sale securities and derivative instruments. At June 30, 2008, fair value measurements, and the level within the fair value hierarchy of SFAS 157 in which the measurements fall, were as follows:

Millions of dollars	Fair Value Measurements at June 30, 2008 Using		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:			
Available for sale securities	\$3	-	-
Derivative instruments	81	\$1	-
Liabilities:			
Derivative instruments	73	8	-

F. Income and Other Taxes

In June 2008, the Company received an unfavorable decision in its litigation of a state tax issue, which denied the Company a refund of state income tax. Although the decision was rendered by the court of last resort, the Company has asked for the court to rehear the case. It is reasonably possible that the case could be reheard and if reheard, a favorable decision could be rendered within twelve months. In 2007, the Company removed \$15 million of previously recorded tax benefit from its balance sheet related to this item, in connection with the initial adoption of FIN 48, "*Accounting for Uncertainty in Income Taxes*". As a result, the unfavorable decision has had no impact on the Company's results of operations, cash flows or financial position. If the rehearing is decided in favor of the Company, any change to the unrecognized tax benefit will be within a range of \$0 to \$15 million. The impact on any individual year's effective tax rate would be immaterial, because any tax benefit recorded would be amortized into earnings over a number of years under SFAS 71. No other material changes in the status of the Company's tax positions have occurred through June 30, 2008.

2. RATE AND OTHER REGULATORY MATTERS

SCE&G

Electric

On May 30, 2008, SCE&G filed a combined application with the SCPSC and the South Carolina Office of Regulatory Staff (ORS) pursuant to the Base Load Review Act (the BLRA), seeking a certificate of environmental compatibility and public convenience and necessity and for a base load review order, relating to proposed construction by SCE&G and South Carolina Public Service Authority (Santee Cooper) to build and operate two new nuclear generating units at the existing V. C. Summer Nuclear Station site. Based on the application, the SCPSC will review and rule on the prudence of SCE&G's decision to build nuclear generation. The SCPSC is required to issue an order on the application by February 2009. If SCE&G's decision is found to be prudent, that finding will be binding on all future revised rate proceedings or general rate proceedings so long as the construction proceeds in accordance with the schedules, estimates and projections, including contingencies set forth in the approved application. In addition, beginning with the initial proceeding, SCE&G will be allowed to file revised rates with the SCPSC each year to incorporate any nuclear construction work in progress incurred. Requested rate adjustments would be based on SCE&G's updated cost of debt and capital structure. The rate design will be based on the rates approved in SCE&G's December 2007 electric rate order described below.

On March 31, 2008 SCE&G, and Santee Cooper filed an application with the Nuclear Regulatory Commission (NRC) for a combined construction and operating license (COL). The COL, if approved, would authorize SCE&G and Santee Cooper to build and operate the nuclear generating units referred to above. The NRC's review process is expected to last approximately three to four years. Upon approval from the SCPSC discussed above, construction could begin shortly thereafter, with a projected in-service date of 2016 for the first unit.

In a December 2007 order the SCPSC granted SCE&G an increase in retail electric revenues of approximately \$76.9 million, or 4.4%, based on a test year calculation. The order granted an allowed return on common equity of 11%. The new rates became effective January 1, 2008.

In the December 2007 order, the SCPSC also extended through 2015 its approval of the accelerated capital recovery plan for SCE&G's Cope Generating Station. Under the plan, in the event that SCE&G would otherwise earn in excess of its maximum allowed return on common equity, SCE&G may increase depreciation of its Cope Generating Station up to \$36 million annually without additional approval of the SCPSC. Any unused portion of the \$36 million in any given year may be carried forward for possible use in the immediately following year. No such additional depreciation has been recognized.

In October 2007 the SCPSC approved SCE&G's request to increase the storm damage reserve cap from \$50 million to \$100 million. In addition, the SCPSC approved SCE&G's request to apply certain transmission and distribution insurance premiums against the reserve until SCE&G files its next retail electric rate case.

In May 2007, South Carolina law was changed to revise the statutory definition of fuel costs to include certain variable environmental costs such as ammonia, lime, limestone and catalysts consumed in reducing or treating emissions. The revised definition also includes the cost of emission allowances used for sulfur dioxide, nitrogen oxide, and mercury and particulates.

SCE&G's rates are established using a cost of fuel component approved by the SCPSC which may be modified periodically to reflect changes in the price of fuel purchased by SCE&G.

Gas

On June 13, 2008 SCE&G filed an application with the SCPSC requesting an increase in retail natural gas rates of 0.87% under the terms of the Natural Gas Rate Stabilization Act (Stabilization Act). The Stabilization Act is designed to reduce the volatility of cost charged to customers by allowing for more time recovery of the cost that regulate utilities incur related to natural gas service infrastructure. The SCPSC is expected to review SCE&G's filing in October 2008. If approved, the rate adjustment would be implemented with the first billing cycle in November 2008.

In October 2007 the SCPSC approved an increase in retail natural gas rates of 0.9% under the terms of the Stabilization Act. The rate adjustment was effective with the first billing cycle in November 2007.

SCE&G's tariffs include a purchase gas adjustment (PGA) clause that provides for the recovery of actual gas costs incurred including costs related to hedging natural gas purchasing activities. SCE&G's rates are calculated using a methodology which adjusts the cost of gas monthly based on a twelve-month rolling average.

PSNC Energy

PSNC Energy's rates are established using a benchmark cost of gas approved by the NCUC, which may be modified periodically to reflect changes in the market price of natural gas. PSNC Energy revises its tariffs with the NCUC as necessary to track these changes and accounts for any over- or under-collections of the delivered cost of gas in its deferred accounts for subsequent rate consideration. The NCUC reviews PSNC Energy's gas purchasing practices annually.

On March 31, 2008 PSNC Energy filed a general rate case application with the NCUC requesting a 2.97%, or \$20.4 million, increase in its base rates. The rate increase is largely associated with recovering costs related to expanding and operating its pipeline system. In its application, PSNC Energy is also requesting to implement a customer usage tracker (CUT), a rate decoupling mechanism that breaks the link between revenues and the amount of natural gas sold. If approved, the CUT would allow PSNC Energy to periodically adjust its base rates for residential and commercial customers based on customer consumption. Finally, PSNC Energy is proposing several conservation initiatives and requesting recovery of the associated costs. A hearing on the application has been scheduled for the week of August 25, 2008.

In May 2007 the NCUC approved PSNC Energy's request to eliminate the use of its dual residential customer rate structure and replace it with a single residential rate. The NCUC also ordered that PSNC Energy establish a new residential rate structure by November 1, 2007. In October 2007 the NCUC approved PSNC Energy's request to implement a residential service rate which has a winter/summer differential of 6 cents per therm effective November 1, 2007. The higher winter rate will help recover costs associated with operating the system pipeline during high customer demand. These changes in the rate structure had no impact on 2007 earnings.

3. LONG-TERM DEBT

In June 2007 SCANA entered into an agreement to issue and sell Floating Rate Senior Notes due June 1, 2034, in an aggregate principal amount of between \$90 million and \$110 million. In December 2007 SCANA issued \$40 million of the Floating Rate Senior Notes. The remainder of the Notes are to be issued in December 2008 and June 2009.

On January 14, 2008 SCE&G issued \$250 million of First Mortgage Bonds bearing an annual interest rate of 6.05% and maturing on January 15, 2038. Proceeds from the sale of these bonds were used to repay short-term debt primarily incurred as a result of SCE&G's construction program and for general corporate purposes. Concurrent with this issuance, SCE&G terminated several 30-year forward-starting swaps having an aggregate notional amount of \$250 million. The resulting loss of approximately \$14.0 million on the settlement of these swaps will be amortized over the life of the bonds.

On March 12, 2008 SCANA issued \$250 million of Medium Term Notes bearing an annual interest rate of 6.25% and maturing on April 1, 2020. Proceeds from the sale of these notes were or will be used to repay short-term debt incurred to pay at maturity on March 1, 2008 \$100 million of floating rate Medium Term Notes, to pay at maturity \$115 million of Medium Term Notes, due October 23, 2008, to repay other short-term debt and for general corporate purposes. Concurrent with this issuance, SCANA terminated a treasury lock having a notional amount of \$250 million. The resulting loss on the treasury lock of approximately \$3.1 million will be amortized over the life of the Medium Term Notes.

On May 30, 2008 South Carolina Generating Company, Inc. (GENCO) issued \$80 million in notes bearing an annual interest rate of 6.06% and maturing on June 1, 2018. Proceeds from the sale of the notes were used to repay short-term debt primarily incurred as a result of GENCO's construction program. An additional \$80 million is expected to be issued in October 2008 with similar terms.

On June 24, 2008, SCE&G issued \$110 million of First Mortgage Bonds bearing an annual interest rate of 6.05% and maturing on January 15, 2038. Proceeds from the sale of these bonds were used to repay short term debt and for general corporate purposes. Concurrent with this issuance, SCE&G terminated a treasury lock having a notional amount of \$110 million. The resulting gain of approximately \$0.5 million will be amortized over the life of the bonds.

Substantially all of SCE&G's and GENCO's electric utility plant is pledged as collateral in connection with long-term debt. The Company is in compliance with all debt covenants.

4. FINANCIAL INSTRUMENTS

The Company utilizes various financial derivatives, including those designated as cash flow hedges related to natural gas. The Company also utilizes swap agreements to manage interest rate risk. These transactions are more fully described in Note 9 to the consolidated financial statements in SCANA's Annual Report on Form 10-K for the year ended December 31, 2007.

At June 30, 2008 the Company's fair value interest rate swap totaled \$0.4 million (gain) related to a notional amount of \$12.8 million. At June 30, 2008 the Company's cash flow interest rate swap totaled \$7.6 million (loss) related to a notional amount of \$40 million.

The Company's regulated gas operations (SCE&G and PSNC Energy) hedge natural gas purchasing activities using over-the-counter options and swaps and New York Mercantile Exchange (NYMEX) futures and options. SCE&G's tariffs include a purchased gas adjustment (PGA) clause that provides for the recovery of actual gas costs incurred. The SCPSC has ruled that the results of these hedging activities are to be included in the PGA. As such, the cost of related derivatives utilized to hedge gas purchasing activities are recoverable through the weighted average cost of gas calculation. The offset to the change in fair value of these derivatives is recorded as a regulatory asset or liability. PSNC Energy's tariffs also include a provision for the recovery of actual gas costs incurred. PSNC Energy records premiums, transaction fees, margin requirements and any realized and unrealized gains or losses from its hedging program in deferred accounts as a regulatory asset or liability for the over- or under-recovery of gas costs.

The Company's nonregulated gas operations recognize gains and losses as a result of qualifying cash flow hedges whose hedged transactions occur during the reporting period and record them in cost of gas. The effects of gains or losses resulting from these hedging activities are either offset by the recording of the related hedged transactions or are included in gas sales pricing decisions made by the business unit. The Company estimates that most of the June 30, 2008 unrealized gain balance of \$12.7 million, net of taxes, will be reclassified from accumulated other comprehensive income (loss) to earnings within the next twelve months as a decrease to gas cost if market prices remain at current levels. As of June 30, 2008, all of the Company's cash flow hedges settle by their terms before the end of 2010.

PSNC Energy utilizes asset management and supply service agreements with counterparties for certain of its natural gas storage facilities. At June 30, 2008, such counterparties held 51% of PSNC Energy's natural gas inventory, with a carrying value of \$38.6 million, through either capacity release or agency relationships. Under the terms of the asset management agreements, PSNC Energy receives storage asset management fees and, in certain instances, a share of profits. No fees are received under supply service agreements. The agreements expire at various times through March 31, 2009.

5. COMMITMENTS AND CONTINGENCIES

Reference is made to Note 10 to the consolidated financial statements appearing in SCANA's Annual Report on Form 10-K for the year ended December 31, 2007. Commitments and contingencies at June 30, 2008 include the following:

A. Nuclear Insurance

The Price-Anderson Indemnification Act deals with public liability for a nuclear incident and establishes the liability limit for third-party claims associated with any nuclear incident at \$10.8 billion. Each reactor licensee is currently liable for up to \$100.6 million per reactor owned for each nuclear incident occurring at any reactor in the United States, provided that not more than \$15 million of the liability per reactor would be assessed per year. SCE&G's maximum assessment, based on its two-thirds ownership of Summer Station, would be \$67.1 million per incident, but not more than \$10 million per year.

SCE&G currently maintains policies (for itself and on behalf of Santee Cooper, the one-third owner of Summer Station) with Nuclear Electric Insurance Limited. The policies, covering the nuclear facility for property damage, excess property damage and outage costs, permit retrospective assessments under certain conditions to cover insurer's losses. Based on the current annual premium, SCE&G's portion of the retrospective premium assessment would not exceed \$14.1 million.

To the extent that insurable claims for property damage, decontamination, repair and replacement and other costs and expenses arising from a nuclear incident at Summer Station exceed the policy limits of insurance, or to the extent such insurance becomes unavailable in the future, and to the extent that SCE&G's rates would not recover the cost of any purchased replacement power, SCE&G will retain the risk of loss as a self-insurer. SCE&G has no reason to anticipate a serious nuclear incident at Summer Station. However, if such an incident were to occur, it would have a material adverse impact on the Company's results of operations, cash flows and financial position.

B. Environmental

SCE&G

The United States Environmental Protection Agency (EPA) issued a final rule in 2005 known as the Clean Air Interstate Rule (CAIR). CAIR requires the District of Columbia and 28 states, including South Carolina, to reduce nitrogen oxide and sulfur dioxide emissions in order to attain mandated state levels. CAIR had set emission limits to be met in two phases beginning in 2009 and 2015, respectively, for nitrogen oxide and beginning in 2010 and 2015, respectively, for sulfur dioxide. Numerous states, environmental organizations, industry groups and individual companies challenged the rule, seeking a change in the method CAIR used to allocate sulfur dioxide emission allowances. On July 11, 2008, the United States Court of Appeals for the District of Columbia Circuit vacated the rule in its entirety and remanded it to the EPA for further rulemaking. Prior to the Court of Appeals' decision, SCE&G and GENCO had determined that additional air quality controls would be needed to meet the CAIR requirements, including the installation of selective catalytic reactor (SCR) technology at Cope Station for nitrogen oxide reduction and wet limestone scrubbers at both Wateree and Williams Stations for sulfur dioxide reduction. SCE&G and GENCO have already begun to install this equipment, and expect to incur capital expenditures totaling approximately \$560 million through 2010. The Company cannot predict when the EPA will issue a revised rule or what impact the rule will have on SCE&G and GENCO. Any costs incurred to comply with this vacated rule or other rules issued by the EPA in the future are expected to be recoverable through rates.

The EPA issued a final rule referred to as the Clean Air Mercury Rule (CAMR) in 2005 establishing a mercury emissions cap and trade program for coal-fired power plants that required limits to be met in two phases, in 2010 and 2018. Numerous parties challenged the rule. On February 8, 2008, the United States Circuit Court for the District of Columbia vacated the rule for electric utility steam generating units. The Company cannot predict the effect of this ruling on implementation of CAMR state implementation plans (SIP) and newly promulgated CAMR regulations by the states.

SCE&G has been named, along with 53 others, by the EPA as a potentially responsible party (PRP) at the Alternate Energy Resources, Inc. (AER) Superfund site located in Augusta, Georgia. The EPA placed the site on the National Priorities List in April 2006. AER conducted hazardous waste storage and treatment operations from 1975 to 2000, when the site was abandoned. While operational, AER processed fuels from waste oils, treated industrial coolants and oil/water emulsions, recycled solvents and blended hazardous waste fuels. During that time, SCE&G occasionally used AER for the processing of waste solvents, oily rags and oily wastewater. The EPA and the State of Georgia have documented that a release or releases have occurred at the site leading to contamination of groundwater, surface water and soils. The EPA and the State of Georgia have conducted a preliminary assessment and site inspection. The site has not been remediated nor has a clean-up cost been estimated. Although a basis for the allocation of clean-up costs among the PRPs is unclear, SCE&G does not believe that its involvement at this site would result in an allocation of costs that would have a material adverse impact on its results of operations, cash flows or financial condition. Any cost allocated to SCE&G arising from the remediation of this site, net of insurance recoveries, is expected to be recoverable through rates.

SCE&G has been named, along with 29 others, by the EPA as a PRP at the Carolina Transformer Superfund site located in Fayetteville, North Carolina. The Carolina Transformer Company (CTC) conducted an electrical transformer rebuilding and repair operation at the site from 1959 to 1986. During that time, SCE&G occasionally used CTC for the repair of existing transformers, purchase of new transformers and sale of used transformers. In 1984, the EPA initiated a remediation of PCB-contaminated soil and groundwater at the site. The EPA reports that it has spent \$36 million to date. In 2008, SCE&G, along with other parties, reached a settlement with the EPA and the U.S. Department of Justice on this matter. The settlement, which is subject to court approval, would result in an allocation of cost, net of insurance recoveries, to SCE&G that is not material, and such cost is expected to be recoverable through rates.

SCE&G is responsible for four decommissioned MGP sites in South Carolina which contain residues of by-product chemicals. These sites are in various stages of investigation, remediation and monitoring under work plans approved by the South Carolina Department of Health and Environmental Control. SCE&G anticipates that major remediation activities at these sites will continue until 2012 and will cost an additional \$14.0 million. In addition, the National Park Service of the Department of the Interior made an initial demand to SCE&G for payment of \$9.1 million for certain costs and damages relating to the MGP site in Charleston, South Carolina. SCE&G expects to recover any cost arising from the remediation of these four sites, net of insurance recoveries, through rates. At June 30, 2008, deferred amounts, net of amounts previously recovered through rates and insurance settlements, totaled \$19.5 million.

PSNC Energy

PSNC Energy is responsible for environmental clean-up at five sites in North Carolina on which MGP residuals are present or suspected. PSNC Energy's actual remediation costs for these sites will depend on a number of factors, such as actual site conditions, third-party claims and recoveries from other PRPs. PSNC Energy has recorded a liability and associated regulatory asset of \$4.5 million, which reflects its estimated remaining liability at June 30, 2008. PSNC Energy expects to recover through rates any costs, net of insurance recoveries, allocable to PSNC Energy arising from the remediation of these sites.

C. Claims and Litigation

In February 2008 the consumer affairs staff (the staff) of the Georgia Public Service Commission (GPSC) recommended that the GPSC open an investigation into whether SCANA Energy Marketing, Inc. (SCANA Energy) had overcharged certain of its customers. The staff asserted that SCANA Energy confused certain customers, charged certain customers in excess of the published price, and failed to give proper notice of an alleged change in methodology for computing variable rates. While SCANA Energy believed the staff's assertions were without merit, in June 2008 SCANA Energy entered into a settlement agreement with the GPSC, agreeing to pay \$1.25 million in the form of credits on certain customers' bills and as a contribution to low-income assistance programs.

On February 26, 2008, a purported class action was filed in U.S. District Court for the Northern District of Georgia, originally styled *Weiskircher, et al. v. SCANA Energy Marketing, Inc.*, containing similar allegations to those alleged by the staff and seeking damages on behalf of a class of Georgia customers. On June 13, 2008 the court dismissed the suit with prejudice. The plaintiffs subsequently filed a motion for reconsideration, which has been denied. While the plaintiffs may appeal the court's decision, SCANA Energy believes the allegations are without merit and will vigorously defend itself. Although the Company cannot predict the final outcome, it believes that a resolution of this matter will not have a material adverse impact on its results of operations, cash flows or financial condition.

In May 2004, SCANA and SCE&G were served with a purported class action lawsuit styled as *Douglas E. Gressette, individually and on behalf of other persons similarly situated v. South Carolina Electric & Gas Company and SCANA Corporation*. The case was filed in South Carolina's Circuit Court of Common Pleas for the Ninth Judicial Circuit. The plaintiff alleges that SCANA and SCE&G made improper use of certain easements and rights-of-way by allowing fiber optic communication lines and/or wireless communication equipment to transmit communications other than SCANA's and SCE&G's electricity-related internal communications. The plaintiff asserted causes of action for unjust enrichment, trespass, injunction and declaratory judgment. The plaintiff did not assert a specific dollar amount for the claims. SCANA and SCE&G believe their actions are consistent with governing law and the applicable documents granting easements and rights-of-way. The Circuit Court granted SCANA's and SCE&G's motion to dismiss and issued an order dismissing the case in June 2005. The plaintiff appealed to the South Carolina Supreme Court. The Supreme Court overruled the Circuit Court in October 2006 and returned the case to the Circuit Court for further consideration. In June 2007, the Circuit Court issued a ruling that limits the plaintiff's purported class to owners of easements situated in Charleston County, South Carolina. The South Carolina Court of Appeals dismissed the plaintiff's appeal of this ruling, determining that the Circuit Court ruling is not immediately appealable. On February 27, 2008 the Circuit Court issued an order to conditionally certify the class, which remains limited to easements in Charleston County. The plaintiff has moved to add SCANA Communications, Inc. (SCI) to the lawsuit as an additional defendant. This motion was granted by the Court and SCI was served with the complaint on July 14, 2008. SCANA, SCI and SCE&G will continue to mount a vigorous defense and believe that the resolution of these claims will not have a material adverse impact on their results of operations, cash flows or financial condition.

A complaint was filed in October 2003 against SCE&G by the State of South Carolina alleging that SCE&G violated the Unfair Trade Practices Act by charging municipal franchise fees to some customers residing outside a municipality's limits. The complaint sought restitution to all affected customers and penalties of up to \$5,000 for each separate violation. The claim against SCE&G was settled by an agreement between the parties, and the settlement was approved in 2004 by South Carolina's Circuit Court of Common Pleas for the Fifth Judicial Circuit. In addition, SCE&G filed a petition with the SCPSC in October 2003 pursuant to S. C. Code Ann. R.103-836. The petition requests that the SCPSC exercise its jurisdiction to investigate the operation of the municipal franchise fee collection requirements applicable to SCE&G's electric and gas service, to approve SCE&G's efforts to correct any past franchise fee billing errors, to adopt improvements in the system which will reduce such errors in the future, and to adopt any regulation that the SCPSC deems just and proper to regulate the franchise fee collection process. A hearing on this petition has not been scheduled. The Company believes that the resolution of these matters will not have a material adverse impact on its results of operations, cash flows or financial condition.

The Company is also engaged in various other claims and litigation incidental to its business operations which management anticipates will be resolved without a material adverse impact on the Company's results of operations, cash flows or financial condition.

D. Nuclear Generation

On May 27, 2008, SCE&G and Santee Cooper, announced that they had entered into a contractual agreement for the design and construction of two 1,117-megawatt nuclear electric generation units at the site of V. C. Summer Nuclear Station. SCE&G and Santee Cooper will be joint owners and share operating costs and generation output of the two additional units, with SCE&G accounting for 55 percent of the cost and output and Santee Cooper the remaining 45 percent. The first unit is expected to come on line in 2016, the second in 2019. SCE&G's share of the estimated cash outlays (future value) total \$5.411 billion for plant costs and \$638 million for transmission costs.

6. SEGMENT OF BUSINESS INFORMATION

The Company's reportable segments are listed in the following table. The Company uses operating income to measure profitability for its regulated operations; therefore, net income is not allocated to the Electric Operations, Gas Distribution and Gas Transmission segments. The Company uses net income to measure profitability for its Retail Gas Marketing and Energy Marketing segments. Gas Distribution is comprised of the local distribution operations of SCE&G and PSNC Energy which meet SFAS 131, "Disclosures about Segments of an Enterprise and Related Information" criteria for aggregation. All Other includes equity method investments and other nonreportable segments.

Millions of dollars	External Revenue	Intersegment Revenue	Operating Income (Loss)	Net Income (Loss)	Segment Assets
<i>Three Months Ended June 30, 2008</i>					
Electric Operations	\$ 576	\$ 3	\$ 129	n/a	
Gas Distribution	208	-	-	n/a	
Gas Transmission	2	9	4	n/a	
Retail Gas Marketing	102	-	n/a	\$ (1)	
Energy Marketing	330	98	n/a	-	
All Other	8	90	n/a	(3)	
Adjustments/Eliminations	(8)	(200)	(2)	61	
Consolidated Total	\$ 1,218	\$ -	\$ 131	\$ 57	
<i>Six Months Ended June 30, 2008</i>					
Electric Operations	\$ 1,064	\$ 6	\$ 226		\$ 6,119
Gas Distribution	688	-	77		1,928
Gas Transmission	4	20	9		312
Retail Gas Marketing	367	-	n/a	\$ 21	148
Energy Marketing	629	168	n/a	-	213
All Other	17	173	n/a	(4)	1,207
Adjustments/Eliminations	(17)	(367)	32	149	591
Consolidated Total	\$ 2,752	\$ -	\$ 344	\$ 166	\$ 10,518
<i>Three Months Ended June 30, 2007</i>					
Electric Operations	\$ 470	\$ 2	\$ 110	n/a	
Gas Distribution	189	-	(1)	n/a	
Gas Transmission	2	9	4	n/a	
Retail Gas Marketing	102	-	n/a	\$ 2	
Energy Marketing	244	47	n/a	1	
All Other	(6)	83	n/a	(5)	
Adjustments/Eliminations	6	(141)	3	57	
Consolidated Total	\$ 1,007	\$ -	\$ 116	\$ 55	
<i>Six Months Ended June 30, 2007</i>					
Electric Operations	\$ 913	\$ 4	\$ 166	n/a	\$ 5,746
Gas Distribution	622	-	73	n/a	1,801
Gas Transmission	5	20	9	n/a	285
Retail Gas Marketing	343	-	n/a	\$ 20	140
Energy Marketing	487	112	n/a	1	121
All Other	12	168	n/a	(9)	550
Adjustments/Eliminations	(12)	(304)	31	128	1,019
Consolidated Total	\$ 2,370	\$ -	\$ 279	\$ 140	\$ 9,662

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

SCANA CORPORATION

The following discussion should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations appearing in SCANA Corporation's (SCANA, and together with its consolidated subsidiaries, the Company) Annual Report on Form 10-K for the year ended December 31, 2007.

RESULTS OF OPERATIONS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2008 AS COMPARED TO THE CORRESPONDING PERIODS IN 2007

Earnings Per Share

Earnings per share was as follows:

Millions of dollars	Second Quarter		Year to Date	
	2008	2007	2008	2007
Earnings per share	\$.48	\$.47	\$ 1.42	\$ 1.20

Second Quarter

Earnings per share increased primarily due to higher electric margin of \$.11. These increases were primarily offset by lower natural gas margin of \$.01 and higher operating expenses and other items aggregating \$.09 as detailed below.

Year to Date

Earnings per share increased primarily due to higher electric margin of \$.28 and higher natural gas margin of \$.06. These increases were primarily offset by higher operating expenses and other items aggregating \$.12 as detailed below.

Dividends Declared

The Company's Board of Directors has declared the following dividends on common stock during 2008:

Declaration Date	Dividend Per Share	Record Date	Payment Date
February 14, 2008	\$.46	March 10, 2008	April 1, 2008
April 24, 2008	.46	June 10, 2008	July 1, 2008
July 31, 2008	.46	September 10, 2008	October 1, 2008

Electric Operations

Electric Operations is comprised of the electric operations of South Carolina Electric & Gas Company (SCE&G), South Carolina Generating Company, Inc. (GENCO) and South Carolina Fuel Company, Inc. Electric operations sales margin (including transactions with affiliates) was as follows:

Millions of dollars	Second Quarter			Year to Date		
	2008	% Change	2007	2008	% Change	2007
Operating revenues	\$ 575.8	22.5%	\$ 470.0	\$ 1,063.7	16.5%	\$ 912.7
Less: Fuel used in generation	227.4	48.7%	152.9	404.3	30.9%	308.8
Purchased power	16.2	*	6.6	20.9	16.1%	18.0
Margin	\$ 332.2	7.0%	\$ 310.5	\$ 638.5	9.0%	\$ 585.9

*Greater than 100%

Second Quarter

Margin increased by \$17.3 million due to increased retail electric rates that went into effect in January 2008, and by \$4.1 million due to customer growth and usage, partially offset by lower off-system sales of \$0.6 million.

Year to Date

Margin increased by \$34.8 million due to increased retail electric rates that went into effect in January 2008, by \$10.7 million due to customer growth and usage, by \$5.6 million due to higher off-system sales and by \$1.7 million due to higher industrial sales.

Gas Distribution

Gas Distribution is comprised of the local distribution operations of SCE&G and Public Service Company of North Carolina, Incorporated (PSNC Energy). Gas distribution sales margin (including transactions with affiliates) was as follows:

Millions of dollars	Second Quarter			Year to Date		
	2008	% Change	2007	2008	% Change	2007
Operating revenues	\$ 208.6	10.1%	\$ 189.5	\$ 688.3	10.6%	\$ 622.5
Less: Gas purchased for resale	150.7	13.0%	133.4	494.1	13.1%	436.9
Margin	\$ 57.9	3.2%	\$ 56.1	\$ 194.2	4.6%	\$ 185.6

Second Quarter

Margin at SCE&G increased by \$0.9 million due to the Public Service Commission of South Carolina (SCPSC)-approved increase in retail gas base rates which became effective with the first billing cycle of November 2007 and by \$0.2 million due to customer growth. Margin at PSNC Energy increased by \$0.8 million due primarily to customer growth.

Year to Date

Margin at SCE&G increased by \$2.8 million due to the SCPSC-approved increase in retail gas base rates which became effective with the first billing cycle of November 2007 and by \$1.5 million due to customer growth. Margin at PSNC Energy increased by \$4.1 million due primarily to customer growth.

Gas Transmission

Gas Transmission is comprised of the operations of Carolina Gas Transmission Corporation (CGTC). Gas transmission revenues (including transactions with affiliates) were as follows:

Millions of dollars	Second Quarter			Year to Date		
	2008	% Change	2007	2008	% Change	2007
Transportation revenue	\$ 11.9	5.3%	\$ 11.3	\$ 24.8	5.5%	\$ 23.5
Other operating revenues	-	(100.0)%	0.6	-	(100.0)%	1.5
Revenues	\$ 11.9	-	\$ 11.9	\$ 24.8	(0.8)%	\$ 25.0

Second Quarter and Year to Date

Transportation revenue increased primarily due to customer growth.

Retail Gas Marketing

Retail Gas Marketing is comprised of SCANA Energy, which operates in Georgia's natural gas market. Retail Gas Marketing revenues and net income (loss) were as follows:

Millions of dollars	Second Quarter			Year to Date		
	2008	% Change	2007	2008	% Change	2007
Operating revenues	\$ 101.9	(0.3)%	\$ 102.2	\$ 366.9	7.0%	\$ 343.0
Net income (loss)	(0.5)	*	1.4	21.0	6.6%	19.7

*Greater than 100%

Second Quarter

Operating revenues decreased primarily as a result of lower sales volume, partially offset by higher average retail prices. Net income decreased primarily due to lower margin and the Georgia Public Service Commission settlement (see Note 5C to the condensed consolidated financial statements), partially offset by lower bad debt expense.

Year to Date

Operating revenues increased primarily as a result of higher average retail prices and volumes. Net income increased primarily due to higher margin and lower bad debt expense, partially offset by the Georgia Public Service Commission settlement.

Energy Marketing

Energy Marketing is comprised of the Company's non-regulated marketing operations, excluding SCANA Energy. Energy Marketing operating revenues and net income were as follows:

Millions of dollars	Second Quarter			Year to Date		
	2008	% Change	2007	2008	% Change	2007
Operating revenues	\$ 427.9	48.6%	\$ 288.0	\$ 796.0	34.2%	\$ 593.1
Net income	0.3	(62.5)%	0.8	-	(100.0)%	0.8

Second Quarter

Operating revenues increased primarily due to higher natural gas commodity prices. Net income decreased primarily due to higher bad debt expense.

Year to Date

Operating revenues increased primarily due to higher natural gas commodity prices. Net income decreased due to higher operating expenses of \$1.0 million, partially offset by higher margin on sales of \$0.3 million.

Other Operating Expenses

Other operating expenses arising from the operating segments previously discussed were as follows:

Millions of dollars	Second Quarter			Year to Date		
	2008	% Change	2007	2008	% Change	2007
Other operation and maintenance	\$ 166.7	4.1%	\$ 160.1	\$ 344.0	3.0%	\$ 334.1
Depreciation and amortization	78.9	(8.0)%	85.8	158.5	(10.4)%	176.9
Other taxes	43.3	12.5%	38.5	87.1	9.7%	79.4

Second Quarter

Other operation and maintenance expenses increased \$5.1 million due to higher generating, transmission and distribution expense. Depreciation and amortization expense decreased \$7.1 million due to the expiration of the synthetic fuel tax credits program (see *Income Taxes-Recognition of Synthetic Fuel Tax Credits*) and \$2.1 million due to the expiration of a three year amortization of deferred purchased power, partially offset by an increase of \$2.9 million due to property additions. Other taxes increased due to higher property taxes.

Year to Date

Other operation and maintenance expenses increased \$5.7 million due to higher generation, transmission and distribution expenses and \$2.5 million due to higher incentive and other benefit costs. Depreciation and amortization expense decreased \$19.1 million due to the expiration of the synthetic fuel tax credits program (see *Income Taxes-Recognition of Synthetic Fuel Tax Credits*) and \$4.3 million due to the expiration of a three year amortization of deferred purchased power, partially offset by an increase of \$5.8 million due to property additions. Other taxes increased due to higher property taxes.

Other Income (Expense)

Other income (expense) includes the results of certain incidental (non-utility) activities and the activities of certain non-regulated subsidiaries. Other income (expense) declined in 2008 compared to 2007 primarily due to lower royalties earned in connection with the operation of a synthetic fuel plant. Interest charges increased primarily due to the additional borrowings described in Note 3 to the condensed consolidated financial statements.

Income Taxes

Income tax expense increased primarily due to changes in operating income and the recognition of no synthetic fuel tax credits during the first half of 2008 compared to \$7.1 million and \$18.5 million for the three and six months ended June 30, 2007, respectively.

Recognition of Synthetic Fuel Tax Credits

SCE&G holds equity-method investments in two partnerships that were involved in converting coal to synthetic fuel, the use of which fuel qualified for federal income tax credits. Under an accounting methodology approved by the SCPSC in a January 2005 order, construction costs related to the Lake Murray back-up dam project were recorded in utility plant in service in a special dam remediation account, outside of rate base, and depreciation was recognized against the balance in this account on an accelerated basis, subject to the availability of the synthetic fuel tax credits. The synthetic fuel tax credit program expired at the end of 2007.

For 2007, the level of depreciation expense and related tax benefit recognized in the income statement was equal to the available synthetic fuel tax credits, less partnership losses and other expenses, net of taxes. As a result, the balance of unrecovered costs in the dam remediation account declined as accelerated depreciation was recorded. Although these entries collectively had no impact on consolidated net income, they did have a significant impact on individual line items within the income statement, as follows:

Millions of dollars	Three Months Ended June 30, 2007	Six Months Ended June 30, 2007
Depreciation and amortization expense	\$ (7.1)	\$ (19.1)
Income tax benefits:		
From synthetic fuel tax credits	6.8	17.7
From accelerated depreciation	2.7	7.3
From partnership losses	1.5	3.6
Total income tax benefits	11.0	28.6
Losses from Equity Method Investments	(3.9)	(9.5)
Impact on Net Income	\$ -	\$ -

Available credits were not sufficient to fully recover the construction costs of dam remediation; therefore, regulatory action to allow recovery of remaining costs will be sought. In addition, SCE&G records non-cash carrying costs on the unrecovered investment, which amounts were \$1.4 million and \$1.3 million in the second quarter of 2008 and 2007, respectively. As of June 30, 2008, remaining unrecovered costs, including carrying costs, were \$71.2 million. The Company expects these costs to be recoverable through rates.

LIQUIDITY AND CAPITAL RESOURCES

The Company anticipates that its contractual cash obligations will be met through internally generated funds, the incurrence of additional short- and long-term indebtedness and sales of equity securities. The Company expects that it has or can obtain adequate sources of financing to meet its projected cash requirements for the foreseeable future. The Company's ratios of earnings to fixed charges for the 6 and 12 months ended June 30, 2008 were 3.07 and 3.20, respectively.

Cash requirements for the Company's regulated subsidiaries arise primarily from their operational needs, funding their construction programs and payment of dividends to SCANA. The ability of the regulated subsidiaries to replace existing plant investment, to expand to meet future demand for electricity and gas and to install equipment necessary to comply with environmental regulations will depend on their ability to attract the necessary financial capital on reasonable terms. Regulated subsidiaries recover the costs of providing services through rates charged to customers. Rates for regulated services are generally based on historical costs. As customer growth and inflation occur and these subsidiaries continue their ongoing construction programs, rate increases will be sought. The future financial position and results of operations of the regulated subsidiaries will be affected by their ability to obtain adequate and timely rate and other regulatory relief, if requested.

The issuance of various securities by the Company or its regulated subsidiaries, including short- and long-term debt, is subject to customary approval or authorization by state and federal regulatory bodies, including state public service commissions and the Federal Energy Regulatory Commission (FERC).

In June 2007 SCANA entered into an agreement to issue and sell Floating Rate Senior Notes due June 1, 2034, in an aggregate principal amount of between \$90 million and \$110 million. In December 2007 SCANA issued \$40 million of the Floating Rate Senior Notes. The remainder of the Notes are to be issued in December 2008 and June 2009.

On January 14, 2008 SCE&G issued \$250 million of First Mortgage Bonds bearing an annual interest rate of 6.05% and maturing on January 15, 2038. Proceeds from the sale of these bonds were used to repay short-term debt primarily incurred as a result of SCE&G's construction program and for general corporate purposes. Concurrent with this issuance, SCE&G terminated several 30-year forward-starting swaps having an aggregate notional amount of \$250 million. The resulting loss of approximately \$14.0 million on the settlement of these swaps will be amortized over the life of the bonds.

On March 12, 2008 SCANA issued \$250 million of Medium Term Notes bearing an annual interest rate of 6.25% and maturing on April 1, 2020. Proceeds from the sale of these notes were or will be used to repay short-term debt incurred to pay at maturity on March 1, 2008 \$100 million of floating rate Medium Term Notes, to pay at maturity \$115 million of Medium Term Notes, due October 23, 2008, to repay other short-term debt and for general corporate purposes. Concurrent with this issuance, SCANA terminated a treasury lock having a notional amount of \$250 million. The resulting loss on the treasury lock of approximately \$3.1 million will be amortized over the life of the Medium Term Notes.

On May 30, 2008 GENCO issued \$80 million in notes bearing an annual interest rate of 6.06% and maturing on June 1, 2018. Proceeds from the sale of the notes were used to repay short-term debt primarily incurred as a result of GENCO's construction program. An additional \$80 million is expected to be issued in October 2008 with similar terms.

On June 24, 2008, SCE&G issued \$110 million of First Mortgage Bonds bearing an annual interest rate of 6.05% and maturing on January 15, 2038. Proceeds from the sale of these bonds were used to repay short term debt and for general corporate purposes. Concurrent with this issuance, SCE&G terminated a treasury lock having a notional amount of \$110 million. The resulting gain of approximately \$0.5 million will be amortized over the life of the bonds.

SCE&G and GENCO have obtained FERC authority to issue short-term indebtedness (pursuant to Section 204 of the Federal Power Act). SCE&G may issue up to \$700 million of unsecured promissory notes or commercial paper with maturity of one year or less, and GENCO may issue up to \$100 million of short-term indebtedness. FERC's approval expires in February 2010.

Nuclear Generation

On May 27, 2008, SCE&G and Santee Cooper, a state owned utility in South Carolina (joint owners of V. C. Summer Nuclear Station) announced that they had entered into a contractual agreement for the design and construction of two 1,117-megawatt nuclear electric generation units at the site of V. C. Summer Nuclear Station. SCE&G and Santee Cooper will be joint owners and share operating costs and generation output of the two additional units, with SCE&G accounting for 55 percent of the cost and output and Santee Cooper the remaining 45 percent. The first unit is expected to come on line in 2016, the second in 2019. SCE&G's share of the estimated cash outlays are as follows:

Future Value Millions of dollars	2007	2008	2009-2010	2011-2012	After 2012	Total
Plant Costs	\$ 21	\$ 183	\$ 1,095	\$ 1,431	\$ 2,681	\$ 5,411
Transmission Costs	-	-	-	2	636	638

The above amounts are not reflected in the contractual cash obligations table included in the 2007 Form 10-K.

In addition, on April 1, 2008 SCE&G announced that an agreement had been reached authorizing the purchase of long lead-time materials for up to two new Westinghouse AP 1000 nuclear generating units. While seeking authorization from regulators for two plants and maintaining a position on the schedule for long-lead materials for two plants, SCE&G intends to maintain flexibility as to the number of plants to build, through contractual off-ramps up until the final notice to proceed with construction is granted which SCE&G anticipates will be in 2011.

For information on SCE&G's regulatory filings related to nuclear generation, see Note 2 in the condensed consolidated financial statements.

ENVIRONMENTAL AND REGULATORY MATTERS

The United States Environmental Protection Agency (EPA) issued a final rule in 2005 known as the Clean Air Interstate Rule (CAIR). CAIR requires the District of Columbia and 28 states, including South Carolina, to reduce nitrogen oxide and sulfur dioxide emissions in order to attain mandated state levels. CAIR had set emission limits to be met in two phases beginning in 2009 and 2015, respectively, for nitrogen oxide and beginning in 2010 and 2015, respectively, for sulfur dioxide. Numerous states, environmental organizations, industry groups and individual companies challenged the rule, seeking a change in the method CAIR used to allocate sulfur dioxide emission allowances. On July 11, 2008, the United States Court of Appeals for the District of Columbia Circuit vacated the rule in its entirety and remanded it to the EPA for further rulemaking. Prior to the Court of Appeals' decision, SCE&G and GENCO had determined that additional air quality controls would be needed to meet the CAIR requirements, including the installation of selective catalytic reactor (SCR) technology at Cope Station for nitrogen oxide reduction and wet limestone scrubbers at both Wateree and Williams Stations for sulfur dioxide reduction. SCE&G and GENCO have already begun to install this equipment, and expect to incur capital expenditures totaling approximately \$560 million through 2010. The Company cannot predict when the EPA will issue a revised rule or what impact the rule will have on SCE&G and GENCO. Any costs incurred to comply with this vacated rule or other rules issued by the EPA in the future are expected to be recoverable through rates.

The EPA issued a final rule referred to as the Clean Air Mercury Rule (CAMR) in 2005 establishing a mercury emissions cap and trade program for coal-fired power plants that required limits to be met in two phases, in 2010 and 2018. Numerous parties challenged the rule. On February 8, 2008, the United States Circuit Court for the District of Columbia vacated the rule for electric utility steam generating units. The Company cannot predict the effect of this ruling on implementation of CAMR state implementation plans (SIP) and newly promulgated CAMR regulations by the states.

See notes to the condensed consolidated financial statements for additional information related to environmental matters (Note 5B) and regulatory matters (Note 2).

OTHER MATTERS

Although SCANA invests in securities and business ventures, it does not hold investments in unconsolidated special purpose entities such as those described in SFAS 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," or as described in FIN 46(R), "Consolidation of Variable Interest Entities." SCANA does not engage in off-balance sheet financing or similar transactions, although it is party to incidental operating leases in the normal course of business, generally for office space, furniture, equipment and rail cars.

See Note 5C to the condensed consolidated financial statements for additional information related to claims and litigation.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

All financial instruments held by the Company described below are held for other than trading purposes.

Interest rate risk - The table below provides information about long-term debt issued by the Company and other financial instruments that are sensitive to changes in interest rates. For debt obligations, the table presents principal cash flows and related weighted average interest rates by expected maturity dates. For interest rate swaps, the figures shown reflect notional amounts and related maturities. Fair values for debt and swaps represent quoted market prices.

As of June 30, 2008	Expected Maturity							Fair Value
Millions of dollars	2008	2009	2010	2011	2012	There-After	Total	Value
Long-Term Debt Issued:								
Fixed Rate (\$)	120.0	108.2	14.8	619.3	265.5	2,448.1	3,575.9	3,529.3
Average Fixed Interest Rate (%)	5.88	6.27	6.87	6.78	6.23	5.97	6.14	
Variable Rate (\$)			1.6	1.6	1.6	35.2	40.0	41.0
Variable Interest Rate (%)			3.38	3.38	3.38	3.38	3.38	
Interest Rate Swaps:								
Pay Variable/Receive Fixed (\$)		3.2	3.2	3.2	3.2		12.8	0.4
Pay Interest Rate (%)		5.99	5.99	5.99	5.99		5.99	
Receive Interest Rate (%)		8.75	8.75	8.75	8.75		8.75	
Pay Fixed/Receive Variable (\$)			1.6	1.6	1.6	35.2	40.0	(7.6)
Pay Interest Rate (%)			6.47	6.47	6.47	6.47	6.47	
Receive Interest Rate (%)			3.38	3.38	3.38	3.38	3.38	

While a decrease in interest rates would increase the fair value of debt, it is unlikely that events which would result in a significant realized loss will occur.

Commodity price risk - The following tables provide information about the Company's financial instruments that are sensitive to changes in natural gas prices. Weighted average settlement prices are per 10,000 dekatherms. Fair value represents quoted market prices.

Expected Maturity:

	Futures Contracts		Options				
	Long	Short	Purchased Call (Long)	Purchased Put (Short)	Purchased Put (Long)	Sold Put (Long)	
2008							
Settlement Price (a)	13.74	13.30	Strike Price (a)	10.60	8.41	8.78	-
Contract Amount (b)	22.2	8.4	Contract Amount (b)	27.7	9.4	23.6	-
Fair Value (b)	31.7	8.2	Fair Value (b)	9.1	-	-	-
2009							
Settlement Price (a)	13.47	14.25	Strike Price (a)	12.62	8.48	8.44	10.75
Contract Amount (b)	38.4	14.8	Contract Amount (b)	51.5	10.4	22.4	0.6
Fair Value (b)	55.4	17.2	Fair Value (b)	11.3	0.2	-	-

(a) Weighted average, in dollars

(b) Millions of dollars

Swaps	2008	2009	2010
Commodity Swaps:			
Pay fixed/receive variable (b)	81.7	93.5	1.8
Average pay rate (a)	9.374	9.596	9.743
Average received rate (a)	13.771	13.220	11.608
Fair value (b)	120.0	128.9	2.2
Pay variable/receive fixed (b)	44.4	43.5	-
Average pay rate (a)	13.904	14.271	-
Average received rate (a)	10.613	12.210	-
Fair value (b)	33.9	37.2	-
Basis Swaps:			
Pay variable/receive variable (b)	25.3	10.3	5.4
Average pay rate (a)	13.641	13.212	11.344
Average received rate (a)	13.684	13.225	11.295
Fair value (b)	25.4	10.3	5.4

(a) Weighted average, in dollars

(b) Millions of dollars

ITEM 4. CONTROLS AND PROCEDURES

As of June 30, 2008, SCANA Corporation (SCANA) conducted an evaluation under the supervision and with the participation of its management, including its Chief Executive Officer (CEO) and Chief Financial Officer (CFO), of (a) the effectiveness of the design and operation of its disclosure controls and procedures and (b) any change in its internal control over financial reporting. Based on this evaluation, the CEO and CFO concluded that, as of June 30, 2008, SCANA's disclosure controls and procedures were effective. There has been no change in SCANA's internal control over financial reporting during the quarter ended June 30, 2008 that has materially affected or is reasonably likely to materially affect SCANA's internal control over financial reporting.

**SOUTH CAROLINA ELECTRIC & GAS COMPANY
FINANCIAL SECTION**

ITEM 1. FINANCIAL STATEMENTS**SOUTH CAROLINA ELECTRIC & GAS COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)**

Millions of dollars	June 30, 2008	December 31, 2007
Assets		
Utility Plant In Service	\$ 8,546	\$ 8,380
Accumulated Depreciation and Amortization	(2,723)	(2,643)
Construction Work in Progress	578	383
Nuclear Fuel, Net of Accumulated Amortization	81	82
Utility Plant, Net	6,482	6,202
Nonutility Property and Investments:		
Nonutility property, net of accumulated depreciation	40	38
Assets held in trust, net - nuclear decommissioning	60	62
Nonutility Property and Investments, Net	100	100
Current Assets:		
Cash and cash equivalents	19	41
Receivables, net of allowance for uncollectible accounts of \$3 and \$2	346	320
Receivables - affiliated companies	1	29
Inventories (at average cost):		
Fuel and gas supply	101	139
Materials and supplies	101	97
Emission allowances	24	33
Prepayments and other	105	52
Deferred income taxes	5	5
Total Current Assets	702	716
Deferred Debits and Other Assets:		
Due from parent - pension asset, net	241	228
Regulatory assets	701	629
Other	101	102
Total Deferred Debits and Other Assets	1,043	959
Total	\$ 8,327	\$ 7,977

Millions of dollars	June 30, 2008	December 31, 2007
Capitalization and Liabilities		
Shareholders' Investment:		
Common equity	\$ 2,669	\$ 2,622
Preferred stock (Not subject to purchase or sinking funds)	106	106
Total Shareholders' Investment	2,775	2,728
Preferred Stock, net (Subject to purchase or sinking funds)	7	7
Long-Term Debt, net	2,308	2,003
Total Capitalization	5,090	4,738
Minority Interest	94	89
Current Liabilities:		
Short-term borrowings	230	464
Current portion of long-term debt	140	13
Accounts payable	158	175
Accounts payable - affiliated companies	224	178
Customer deposits and customer prepayments	42	42
Taxes accrued	80	116
Interest accrued	42	33
Dividends declared	43	37
Other	33	46
Total Current Liabilities	992	1,104
Deferred Credits and Other Liabilities:		
Deferred income taxes, net	856	820
Deferred investment tax credits	103	103
Asset retirement obligations	302	294
Due to parent - postretirement and other benefits	187	187
Regulatory liabilities	667	609
Other	36	33
Total Deferred Credits and Other Liabilities	2,151	2,046
Commitments and Contingencies (Note 5)	-	-
Total	\$ 8,327	\$ 7,977

See Notes to Condensed Consolidated Financial Statements.

SOUTH CAROLINA ELECTRIC & GAS COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

Millions of dollars	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
Operating Revenues:				
Electric	\$ 579	\$ 472	\$ 1,070	\$ 917
Gas	119	103	321	292
Total Operating Revenues	698	575	1,391	1,209
Operating Expenses:				
Fuel used in electric generation	227	153	404	309
Purchased power	16	7	21	18
Gas purchased for resale	96	81	245	220
Other operation and maintenance	125	116	254	246
Depreciation and amortization	68	74	136	153
Other taxes	39	35	80	73
Total Operating Expenses	571	466	1,140	1,019
Operating Income	127	109	251	190
Other Income (Expense):				
Other income	8	7	15	14
Other expenses	(4)	(2)	(7)	(6)
Interest charges, net of allowance for borrowed funds used during construction of \$4, \$3, \$7 and \$5	(35)	(35)	(71)	(71)
Allowance for equity funds used during construction	1	1	4	1
Total Other Expense	(30)	(29)	(59)	(62)
Income Before Income Tax Expense, Losses from Equity Method Investments, Minority Interest and Preferred Stock Dividends	97	80	192	128
Income Tax Expense	35	20	68	23
Income Before Losses from Equity Method Investments, Minority Interest and Preferred Stock Dividends	62	60	124	105
Losses from Equity Method Investments	-	(4)	-	(10)
Minority Interest	2	2	5	4
Net Income	60	54	119	91
Preferred Stock Cash Dividends Declared	2	2	4	4
Earnings Available for Common Shareholder	\$ 58	\$ 52	\$ 115	\$ 87

See Notes to Condensed Consolidated Financial Statements.

SOUTH CAROLINA ELECTRIC & GAS COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

Millions of dollars	Six Months Ended June 30,	
	2008	2007
Cash Flows From Operating Activities:		
Net income	\$ 119	\$ 91
Adjustments to Reconcile Net Income to Net Cash Provided From Operating Activities:		
Excess losses from equity method investments, net of distributions	-	10
Minority interest	5	4
Depreciation and amortization	136	152
Amortization of nuclear fuel	5	9
Allowance for equity funds used during construction	(4)	-
Carrying cost recovery	(3)	(1)
Cash provided (used) by changes in certain assets and liabilities:		
Receivables, net	(11)	(5)
Inventories	14	(27)
Prepayments	(53)	(5)
Due from parent – pension asset	(13)	(11)
Other regulatory assets	8	6
Deferred income taxes, net	36	(6)
Regulatory liabilities	49	16
Due to parent - postretirement benefits	-	3
Accounts payable	7	(17)
Taxes accrued	(37)	(29)
Interest accrued	10	1
Changes in fuel adjustment clauses	(71)	1
Changes in other assets	2	19
Changes in other liabilities	(10)	(25)
Net Cash Provided From Operating Activities	189	186
Cash Flows From Investing Activities:		
Utility property additions and construction expenditures	(375)	(261)
Non-utility property additions	(2)	(1)
Proceeds from sale of assets	1	1
Short-term investments-affiliate	13	10
Investments	-	(9)
Net Cash Used For Investing Activities	(363)	(260)
Cash Flows From Financing Activities:		
Proceeds from issuance of debt	420	-
Repayment of debt	(8)	(4)
Retirement of preferred stock	-	(1)
Dividends	(78)	(61)
Contribution from parent	12	66
Short-term borrowings - affiliate, net	40	12
Short-term borrowings, net	(234)	53
Net Cash Provided From Financing Activities	152	65
Net Decrease In Cash and Cash Equivalents	(22)	(9)
Cash and Cash Equivalents, January 1	41	24
Cash and Cash Equivalents, June 30	\$ 19	\$ 15
Supplemental Cash Flow Information:		
Cash paid for - Interest (net of capitalized interest of \$7 and \$5)	\$ 55	\$ 67
- Income taxes	16	6
Noncash Investing and Financing Activities:		
Accrued construction expenditures	41	26

See Notes to Condensed Consolidated Financial Statements.

SOUTH CAROLINA ELECTRIC & GAS COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2008
(Unaudited)

The following notes should be read in conjunction with the Notes to Consolidated Financial Statements appearing in South Carolina Electric & Gas Company's (SCE&G, and together with its consolidated affiliates, the Company) Annual Report on Form 10-K for the year ended December 31, 2007. These are interim financial statements, and due to the seasonality of the Company's business and matters that may occur during the rest of the year, the amounts reported in the Condensed Consolidated Statements of Income are not necessarily indicative of amounts expected for the full year. In the opinion of management, the information furnished herein reflects all adjustments, all of a normal recurring nature, which are necessary for a fair statement of the results for the interim periods reported.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Variable Interest Entity

Financial Accounting Standards Board Interpretation (FIN) 46 (Revised 2003), "*Consolidation of Variable Interest Entities*," requires an enterprise's consolidated financial statements to include entities in which the enterprise has a controlling financial interest. SCE&G has determined that it has a controlling financial interest in South Carolina Generating Company, Inc. (GENCO) and South Carolina Fuel Company, Inc. (Fuel Company), and accordingly, the accompanying condensed consolidated financial statements include the accounts of SCE&G, GENCO and Fuel Company. The equity interests in GENCO and Fuel Company are held solely by SCANA Corporation (SCANA), the Company's parent. Accordingly, GENCO's and Fuel Company's equity and results of operations are reflected as minority interest in the Company's condensed consolidated financial statements.

GENCO owns a coal-fired electric generating station with a 615 megawatt net generating capacity (summer rating). GENCO's electricity is sold solely to SCE&G under the terms of power purchase and related operating agreements. Fuel Company acquires, owns and provides financing for SCE&G's nuclear fuel, fossil fuel and emission allowances. The effects of these transactions are eliminated in consolidation. Substantially all of GENCO's property (carrying value of \$384 million) serves as collateral for its long-term borrowings.

B. Basis of Accounting

The Company accounts for its regulated utility operations, assets and liabilities in accordance with the provisions of Statement of Financial Accounting Standards (SFAS) 71, "*Accounting for the Effects of Certain Types of Regulation*." SFAS 71 requires cost-based, rate-regulated utilities to recognize in their financial statements certain revenues and expenses in different time periods than do enterprises that are not rate-regulated. As a result, the Company has recorded regulatory assets and regulatory liabilities, summarized as follows.

Millions of dollars	June 30, 2008	December 31, 2007
Regulatory Assets:		
Accumulated deferred income taxes	\$ 156	\$ 156
Under collections – electric fuel clause	60	-
Environmental remediation costs	20	17
Asset retirement obligations and related funding	273	264
Franchise agreements	50	52
Deferred employee benefit plan costs	105	109
Other	37	31
Total Regulatory Assets	\$ 701	\$ 629

Millions of dollars	June 30, 2008	December 31, 2007
Regulatory Liabilities:		
Accumulated deferred income taxes	\$ 31	\$ 32
Over-collections – electric fuel and gas cost adjustment clauses	74	19
Other asset removal costs	488	472
Storm damage reserve	51	49
Planned major maintenance	3	15
Other	20	22
Total Regulatory Liabilities	\$ 667	\$ 609

Accumulated deferred income tax liabilities arising from utility operations that have not been included in customer rates are recorded as a regulatory asset. Accumulated deferred income tax assets arising from deferred investment tax credits are recorded as a regulatory liability.

Under- and over-collections - electric fuel and gas cost adjustment clauses, net, represent amounts under- or over-collected from customers pursuant to the fuel adjustment clause (electric customers) or gas cost adjustment clause (gas customers) as approved by the Public Service Commission of South Carolina (SCPSC) during annual hearings. In addition to fuel and purchased gas, included in these amounts are regulatory liabilities arising from realized and unrealized gains and losses incurred in the natural gas hedging program of the Company's regulated operations. In addition, the cost of emission allowances and certain reagents used to treat fuel emissions are included.

Environmental remediation costs represent costs associated with the assessment and clean-up of manufactured gas plant (MGP) sites currently or formerly owned by SCE&G. Costs incurred by SCE&G at such sites are being recovered through rates. SCE&G is authorized to amortize \$1.4 million of these costs annually.

Asset retirement obligations (ARO) and related funding represents the regulatory asset associated with the legal obligation to decommission and dismantle V. C. Summer Nuclear Station (Summer Station) and conditional AROs recorded as required by SFAS 143, "Accounting for Asset Retirement Obligations," and FIN 47, "Accounting for Conditional Asset Retirement Obligations."

Franchise agreements represent costs associated with electric and gas franchise agreements with the cities of Charleston and Columbia, South Carolina. Based on an SCPSC order, SCE&G began amortizing these amounts through cost of service rates in February 2003 over approximately 20 years.

Deferred employee benefit plan costs represent amounts of pension and other postretirement benefit costs which were accrued as liabilities under provisions of SFAS 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans," but which are expected to be recovered through utility rates.

Other asset removal costs represent net collections through depreciation rates of estimated costs to be incurred for the removal of assets in the future.

The storm damage reserve represents an SCPSC-approved collection through SCE&G electric rates, capped at \$100 million, which can be applied to offset incremental storm damage costs in excess of \$2.5 million in a calendar year and certain transmission and distribution insurance premiums. During the six months ended June 30, 2008, \$1.4 million was drawn from the reserve. No amounts were drawn from this reserve for the six months ended June 30, 2007.

Planned major maintenance related to certain fossil hydro turbine/generation equipment and nuclear refueling outages is accrued in advance of the time the costs are incurred, as approved through specific SCPSC orders. SCE&G is allowed to collect \$8.5 million annually over an eight-year period, beginning in January 2005, through electric rates to offset turbine maintenance expenditures. Nuclear refueling charges are accrued during each 18-month refueling outage cycle as a component of cost of service.

The SCPSC or FERC have reviewed and approved through specific orders most of the items shown as regulatory assets. Other regulatory assets represent costs which have not been approved for recovery by the SCPSC. In recording these costs as regulatory assets, management believes the costs will be allowable under existing rate-making concepts that are embodied in rate orders received by SCE&G. However, ultimate recovery is subject to SCPSC approval. In the future, as a result of deregulation or other changes in the regulatory environment, the Company may no longer meet the criteria for continued application of SFAS 71 and could be required to write off its regulatory assets and liabilities. Such an event could have a material adverse effect on the Company's results of operations, liquidity or financial position in the period the write-off would be recorded.

C. Affiliated Transactions

Carolina Gas Transmission Corporation (CGTC) transports natural gas to the Company to supply certain electric generation requirements and to serve SCE&G's retail gas customers. SCE&G had approximately \$1.9 million payable to CGTC for transportation services at June 30, 2008 and \$1.5 million at December 31, 2007.

Total interest expense, based on market interest rates, associated with the Company's borrowings from affiliated companies was \$1.1 million and \$2.0 million for the three and six months ended June 30, 2008, respectively. Total interest expense was \$1.3 million and \$2.2 million for the three and six months ended June 30, 2007, respectively. Total interest income from investments with affiliated companies for the three and six months ended June 30, 2008 and 2007 was not significant. At June 30, 2008 and December 31, 2007, the Company owed an affiliate \$145.7 million and \$118.9 million, respectively, arising from advances from a consolidated cash management utility money pool.

SCE&G purchases natural gas and related pipeline capacity from SCANA Energy Marketing, Inc. (SEMI) to supply its Jasper County Electric Generating Station and to serve its retail gas customers. Such purchases totaled approximately \$97.8 million and \$167.6 million for the three and six months ended June 30, 2008 and \$47.4 million and \$119.9 million for the corresponding periods in 2007. SCE&G's payables to SEMI for such purposes were \$42.0 million at June 30, 2008 and \$12.0 million at December 31, 2007.

SCE&G holds equity-method investments in two partnerships that were involved in converting coal to synthetic fuel. SCE&G's receivables from and payables to these affiliated companies were each less than \$0.1 million at June 30, 2008. At December 31, 2007, these amounts were \$28.8 million (receivables) and \$26.9 million (payables). SCE&G did not purchase synthetic fuel from these affiliated companies for the six months ended June 30, 2008, and made \$140.5 million of such purchases during the corresponding period in 2007. SCE&G's investment in the two partnerships is expected to be liquidated in 2008 as a result of the expiration of the synthetic fuel tax credits program at the end of 2007.

SCE&G purchases shaft horsepower from a cogeneration facility. The facility is owned by a limited liability company (LLC) in which SCANA holds an equity method investment. SCE&G's payables to the LLC were \$2.1 million at June 30, 2008 and December 31, 2007. SCE&G purchased \$6.9 million and \$14.7 million of shaft horsepower from the LLC for the three and six months ended June 30, 2008, respectively, and purchased \$6.1 million and \$13.4 million of shaft horsepower from the LLC for the three and six months ended June 30, 2007, respectively.

D. Pension and Other Postretirement Benefit Plans

The Company participates in SCANA's noncontributory defined benefit pension plan, which covers substantially all permanent employees, and also participates in SCANA's unfunded postretirement health care and life insurance programs, which provide benefits to active and retired employees. The Company's net periodic benefit income from the pension plan was \$4.5 million and \$9.1 million for the three and six months ended June 30, 2008, respectively, and was \$5.1 million and \$10.2 million for the corresponding periods in 2007. Net periodic benefit cost for the postretirement plan was \$3.4 million and \$6.7 million for the three and six months ended June 30, 2008, respectively, and was \$3.7 million and \$7.3 million for the corresponding periods in 2007.

E. New Accounting Matters

SFAS 161, "*Disclosure about Derivative Instruments and Hedging Activities*," was issued in March 2008. SFAS 161 requires enhanced disclosures about an entity's derivative and hedging activities to include how derivative instruments are accounted for and the effect of such activities on the entity's financial statements. SFAS 161 is effective for fiscal years beginning after November 15, 2008. The Company has not determined what impact, if any, the adoption will have on the Company's results of operations, cash flows or financial position. The Company believes it will likely be required to provide additional disclosures as a part of future financial statements.

SFAS 160, “*Noncontrolling Interests in Consolidated Financial Statements*,” was issued in December 2007. SFAS 160 requires entities to report noncontrolling (minority) interests in subsidiaries as equity. SFAS 160 is effective for fiscal years beginning after December 15, 2008. The Company has not determined what impact, if any, that adoption will have on the Company’s results of operations, cash flows or financial position.

SFAS 141(R), “*Business Combinations*,” was issued in December 2007. SFAS 141(R) requires the acquiring entity in a business combination to recognize the assets acquired and the liabilities assumed at their fair values at the acquisition date. SFAS 141(R) also requires the acquirer to disclose all of the information needed to evaluate and understand the nature and financial effect of the business combination. SFAS 141(R) is effective for fiscal years beginning after December 15, 2008. The Company has not determined what impact, if any, that adoption will have on the Company’s results of operations, cash flows or financial position.

SFAS 159, “*The Fair Value Option for Financial Assets and Financial Liabilities*,” was issued in February 2007. SFAS 159 allows entities to measure at fair value many financial instruments and certain other assets and liabilities that are not otherwise required to be measured at fair value. SFAS 159 became effective for fiscal years beginning after November 15, 2007. The Company has not elected to measure at fair value any permitted items that are not otherwise required to be measured at fair value. As a result, SFAS 159 has not had an impact on the Company’s results of operations, cash flows or financial position.

The Company adopted SFAS 157, “*Fair Value Measurements*,” in the first quarter of 2008 for financial assets and liabilities and for nonfinancial assets and liabilities recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). As permitted by FASB Staff Position 157-2 (FSP FAS 157-2), the Company will adopt SFAS 157 for all other nonfinancial assets and liabilities in the first quarter of 2009. SFAS 157 establishes a framework for measuring the fair value of assets and liabilities recognized in the financial statements in periods subsequent to initial recognition. The initial adoption of SFAS 157 did not impact the Company’s results of operations, cash flows or financial position.

The Company relies on market transactions to determine the fair value of derivative instruments. At June 30, 2008, fair value measurements, and the level within the fair value hierarchy of SFAS 157 in which the measurements fall, were as follows:

Millions of dollars	Fair Value Measurements at June 30, 2008 Using		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:			
Derivative instruments	\$40	-	-
Liabilities:			
Derivative instruments	48	-	-

F. Income and Other Taxes

In June 2008, the Company received an unfavorable decision in its litigation of a state tax issue, which denied the Company a refund of state income tax. Although the decision was rendered by the court of last resort, the Company has asked for the court to rehear the case. It is reasonably possible that the case could be reheard and if reheard, a favorable decision could be rendered within twelve months. In 2007, the Company removed \$15 million of previously recorded tax benefit from its balance sheet related to this item, in connection with the initial adoption of FIN 48, “*Accounting for Uncertainty in Income Taxes*”. As a result, the unfavorable decision has had no impact on the Company’s results of operations, cash flows or financial position. If the rehearing is decided in favor of the Company, any change to the unrecognized tax benefit will be within a range of \$0 to \$15 million. The impact on any individual year’s effective tax rate would be immaterial, because any tax benefit recorded would be amortized into earnings over a number of years under SFAS 71. No other material changes in the status of the Company’s tax positions have occurred through June 30, 2008.

G. Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss, comprised of the deferred cost of employee benefit plans, totaled \$7.6 million as of June 30, 2008 and December 31, 2007.

2. RATE AND OTHER REGULATORY MATTERS

Electric

On May 30, 2008, SCE&G filed a combined application with the SCPSC and the South Carolina Office of Regulatory Staff (ORS) pursuant to the Base Load Review Act (the BLRA), seeking a certificate of environmental compatibility and public convenience and necessity and for a base load review order, relating to proposed construction by SCE&G and South Carolina Public Service Authority (Santee Cooper) to build and operate two new nuclear generating units at the existing V. C. Summer Nuclear Station site. Based on the application, the SCPSC will review and rule on the prudence of SCE&G's decision to build nuclear generation. The SCPSC is required to issue an order on the application by February 2009. If SCE&G's decision is found to be prudent, that finding will be binding on all future revised rate proceedings or general rate proceedings so long as the construction proceeds in accordance with the schedules, estimates and projections, including contingencies set forth in the approved application. In addition, beginning with the initial proceeding, SCE&G will be allowed to file revised rates with the SCPSC each year to incorporate any nuclear construction work in progress incurred. Requested rate adjustments would be based on SCE&G's updated cost of debt and capital structure. The rate design will be based on the rates approved in SCE&G's December 2007 electric rate order described below.

On March 31, 2008 SCE&G and Santee Cooper filed an application with the Nuclear Regulatory Commission (NRC) for a combined construction and operating license (COL). The COL, if approved, would authorize SCE&G and Santee Cooper to build and operate the nuclear generating units referred to above. The NRC's review process is expected to last approximately three to four years. Upon approval from the SCPSC discussed above, construction could begin shortly thereafter, with a projected in-service date of 2016 for the first unit.

In a December 2007 order the SCPSC granted SCE&G an increase in retail electric revenues of approximately \$76.9 million, or 4.4%, based on a test year calculation. The order granted an allowed return on common equity of 11%. The new rates became effective January 1, 2008.

In the December 2007 order, the SCPSC also extended through 2015 its approval of the accelerated capital recovery plan for SCE&G's Cope Generating Station. Under the plan, in the event that SCE&G would otherwise earn in excess of its maximum allowed return on common equity, SCE&G may increase depreciation of its Cope Generating Station up to \$36 million annually without additional approval of the SCPSC. Any unused portion of the \$36 million in any given year may be carried forward for possible use in the immediately following year. No such additional depreciation has been recognized.

In October 2007 the SCPSC approved SCE&G's request to increase the storm damage reserve cap from \$50 million to \$100 million. In addition, the SCPSC approved SCE&G's request to apply certain transmission and distribution insurance premiums against the reserve until SCE&G files its next retail electric rate case.

In May 2007, South Carolina law was changed to revise the statutory definition of fuel costs to include certain variable environmental costs such as ammonia, lime, limestone and catalysts consumed in reducing or treating emissions. The revised definition also includes the cost of emission allowances used for sulfur dioxide, nitrogen oxide, and mercury and particulates.

SCE&G's rates are established using a cost of fuel component approved by the SCPSC which may be modified periodically to reflect changes in the price of fuel purchased by SCE&G. In May 2006 SCE&G agreed to spread the recovery of previously under-collected fuel costs of \$38.5 million over a two-year period.

Gas

On June 13, 2008 SCE&G filed an application with the SCPSC requesting an increase in retail natural gas rates of 0.87% under the terms of the Natural Gas Rate Stabilization Act (Stabilization Act). The Stabilization Act is designed to reduce the volatility of cost charged to customers by allowing for more time recovery of the cost that regulate utilities incur related to natural gas service infrastructure. The SCPSC is expected to review SCE&G's filing in October 2008. If approved, the rate adjustment would be implemented with the first billing cycle in November 2008.

In October 2007 the SCPSC approved an increase in retail natural gas rates of 0.9% under the terms of the Stabilization Act. The rate adjustment was effective with the first billing cycle in November 2007.

SCE&G's tariffs include a purchased gas adjustment (PGA) clause that provides for the recovery of actual gas costs incurred including costs related to hedging natural gas purchasing activities. SCE&G's rates are calculated using a methodology which adjusts the cost of gas monthly based on a twelve-month rolling average.

3. LONG-TERM DEBT

On January 14, 2008 SCE&G issued \$250 million of First Mortgage Bonds bearing an annual interest rate of 6.05% and maturing on January 15, 2038. Proceeds from the sale of these bonds were used to repay short-term debt primarily incurred as a result of SCE&G's construction program and for general corporate purposes. Concurrent with this issuance, SCE&G terminated several 30-year forward-starting swaps having an aggregate notional amount of \$250 million. The resulting loss of \$14.0 million on the settlement of these swaps will be amortized over the life of the bonds.

On May 30, 2008 South Carolina Generating Company, Inc. (GENCO) issued \$80 million in notes bearing an annual interest rate of 6.06% and maturing on June 1, 2018. Proceeds from the sale of the notes were used to repay short-term debt primarily incurred as a result of GENCO's construction program. An additional \$80 million is expected to be issued in October 2008 with similar terms.

On June 24, 2008, SCE&G issued \$110 million of First Mortgage Bonds bearing an annual interest rate of 6.05% and maturing on January 15, 2038. Proceeds from the sale of these bonds were used to repay short term debt and for general corporate purposes. Concurrent with this issuance, SCE&G terminated a treasury lock having a notional amount of \$110 million. The resulting gain of approximately \$0.5 million will be amortized over the life of the bonds.

Substantially all of SCE&G's and GENCO's electric utility plant is pledged as collateral in connection with long-term debt. The Company is in compliance with all debt covenants.

4. FINANCIAL INSTRUMENTS

The Company's regulated gas operations hedge natural gas purchasing activities using over-the-counter options and swaps and New York Mercantile Exchange (NYMEX) futures and options. The Company's tariffs include a purchased gas adjustment (PGA) clause that provides for the recovery of actual gas costs incurred. The SCPSC has ruled that the results of these hedging activities are to be included in the PGA. As such, the cost of related derivatives utilized to hedge gas purchasing activities are recoverable through the weighted average cost of gas calculation. The offset to the change in fair value of these derivatives is recorded as a regulatory asset or liability.

5. COMMITMENTS AND CONTINGENCIES

Reference is made to Note 10 to the consolidated financial statements appearing in SCE&G's Annual Report on Form 10-K for the year ended December 31, 2007. Commitments and contingencies at June 30, 2008 include the following:

A. Nuclear Insurance

The Price-Anderson Indemnification Act deals with public liability for a nuclear incident and establishes the liability limit for third-party claims associated with any nuclear incident at \$10.8 billion. Each reactor licensee is currently liable for up to \$100.6 million per reactor owned for each nuclear incident occurring at any reactor in the United States, provided that not more than \$15 million of the liability per reactor would be assessed per year. SCE&G's maximum assessment, based on its two-thirds ownership of Summer Station, would be \$67.1 million per incident, but not more than \$10 million per year.

SCE&G currently maintains policies (for itself and on behalf of Santee Cooper, the one-third owner of Summer Station) with Nuclear Electric Insurance Limited. The policies, covering the nuclear facility for property damage, excess property damage and outage costs, permit retrospective assessments under certain conditions to cover insurer's losses. Based on the current annual premium, SCE&G's portion of the retrospective premium assessment would not exceed \$14.1 million.

To the extent that insurable claims for property damage, decontamination, repair and replacement and other costs and expenses arising from a nuclear incident at Summer Station exceed the policy limits of insurance, or to the extent such insurance becomes unavailable in the future, and to the extent that SCE&G's rates would not recover the cost of any purchased replacement

power, SCE&G will retain the risk of loss as a self-insurer. SCE&G has no reason to anticipate a serious nuclear incident at Summer Station. However, if such an incident were to occur, it would have a material adverse impact on SCE&G's results of operations, cash flows and financial position.

B. Environmental

The United States Environmental Protection Agency (EPA) issued a final rule in 2005 known as the Clean Air Interstate Rule (CAIR). CAIR requires the District of Columbia and 28 states, including South Carolina, to reduce nitrogen oxide and sulfur dioxide emissions in order to attain mandated state levels. CAIR had set emission limits to be met in two phases beginning in 2009 and 2015, respectively, for nitrogen oxide and beginning in 2010 and 2015, respectively, for sulfur dioxide. Numerous states, environmental organizations, industry groups and individual companies challenged the rule, seeking a change in the method CAIR used to allocate sulfur dioxide emission allowances. On July 11, 2008, the United States Court of Appeals for the District of Columbia Circuit vacated the rule in its entirety and remanded it to the EPA for further rulemaking. Prior to the Court of Appeals' decision, SCE&G and GENCO had determined that additional air quality controls would be needed to meet the CAIR requirements, including the installation of selective catalytic reactor (SCR) technology at Cope Station for nitrogen oxide reduction and wet limestone scrubbers at both Wateree and Williams Stations for sulfur dioxide reduction. SCE&G and GENCO have already begun to install this equipment, and expect to incur capital expenditures totaling approximately \$560 million through 2010. The Company cannot predict when the EPA will issue a revised rule or what impact the rule will have on SCE&G and GENCO. Any costs incurred to comply with this vacated rule or other rules issued by the EPA in the future are expected to be recoverable through rates.

The EPA issued a final rule referred to as the Clean Air Mercury Rule (CAMR) in 2005 establishing a mercury emissions cap and trade program for coal-fired power plants that required limits to be met in two phases, in 2010 and 2018. Numerous parties challenged the rule. On February 8, 2008, the United States Circuit Court for the District of Columbia vacated the rule for electric utility steam generating units. The Company cannot predict the effect of this ruling on implementation of CAMR state implementation plans (SIP) and newly promulgated CAMR regulations by the states.

SCE&G has been named, along with 53 others, by the EPA as a potentially responsible party (PRP) at the Alternate Energy Resources, Inc. (AER) Superfund site located in Augusta, Georgia. The EPA placed the site on the National Priorities List in April 2006. AER conducted hazardous waste storage and treatment operations from 1975 to 2000, when the site was abandoned. While operational, AER processed fuels from waste oils, treated industrial coolants and oil/water emulsions, recycled solvents and blended hazardous waste fuels. During that time, SCE&G occasionally used AER for the processing of waste solvents, oily rags and oily wastewater. The EPA and the State of Georgia have documented that a release or releases have occurred at the site leading to contamination of groundwater, surface water and soils. The EPA and the State of Georgia have conducted a preliminary assessment and site inspection. The site has not been remediated nor has a clean-up cost been estimated. Although a basis for the allocation of clean-up costs among the PRPs is unclear, SCE&G does not believe that its involvement at this site would result in an allocation of costs that would have a material adverse impact on its results of operations, cash flows or financial condition. Any cost allocated to SCE&G arising from the remediation of this site, net of insurance recoveries, is expected to be recoverable through rates.

SCE&G has been named, along with 29 others, by the EPA as a PRP at the Carolina Transformer Superfund site located in Fayetteville, North Carolina. The Carolina Transformer Company (CTC) conducted an electrical transformer rebuilding and repair operation at the site from 1959 to 1986. During that time, SCE&G occasionally used CTC for the repair of existing transformers, purchase of new transformers and sale of used transformers. In 1984, the EPA initiated a remediation of PCB-contaminated soil and groundwater at the site. The EPA reports that it has spent \$36 million to date. In 2008, SCE&G, along with other parties, reached a settlement with the EPA and the U.S. Department of Justice on this matter. The settlement, which is subject to court approval, would result in an allocation of cost, net of insurance recoveries, to SCE&G that is not material, and such cost is expected to be recoverable through rates.

SCE&G is responsible for four decommissioned MGP sites in South Carolina which contain residues of by-product chemicals. These sites are in various stages of investigation, remediation and monitoring under work plans approved by the South Carolina Department of Health and Environmental Control. SCE&G anticipates that major remediation activities at these sites will continue until 2012 and will cost an additional \$14.0 million. In addition, the National Park Service of the Department of the Interior made an initial demand to SCE&G for payment of \$9.1 million for certain costs and damages relating to the MGP site in Charleston, South Carolina. SCE&G expects to recover any cost arising from the remediation of these four sites, net of insurance recoveries, through rates. At June 30, 2008, deferred amounts, net of amounts previously recovered through rates and insurance settlements, totaled \$19.5 million.

C. Claims and Litigation

In May 2004, SCANA and SCE&G were served with a purported class action lawsuit styled as Douglas E. Gressette, individually and on behalf of other persons similarly situated v. South Carolina Electric & Gas Company and SCANA Corporation. The case was filed in South Carolina's Circuit Court of Common Pleas for the Ninth Judicial Circuit. The plaintiff alleges that SCANA and SCE&G made improper use of certain easements and rights-of-way by allowing fiber optic communication lines and/or wireless communication equipment to transmit communications other than SCANA's and SCE&G's electricity-related internal communications. The plaintiff asserted causes of action for unjust enrichment, trespass, injunction and declaratory judgment. The plaintiff did not assert a specific dollar amount for the claims. SCANA and SCE&G believe their actions are consistent with governing law and the applicable documents granting easements and rights-of-way. The Circuit Court granted SCANA's and SCE&G's motion to dismiss and issued an order dismissing the case in June 2005. The plaintiff appealed to the South Carolina Supreme Court. The Supreme Court overruled the Circuit Court in October 2006 and returned the case to the Circuit Court for further consideration. In June 2007, the Circuit Court issued a ruling that limits the plaintiff's purported class to owners of easements situated in Charleston County, South Carolina. The South Carolina Court of Appeals dismissed the plaintiff's appeal of this ruling determining that the Circuit court ruling is not immediately appealable. On February 27, 2008 the Circuit Court issued an order to conditionally certify the class, which remains limited to easements in Charleston County. The plaintiff has moved to add SCANA Communications, Inc. (SCI) to the lawsuit as an additional defendant. This motion was granted by the Court and SCI was served with the complaint on July 14, 2008. SCANA, SCI and SCE&G will continue to mount a vigorous defense and believe that the resolution of these claims will not have a material adverse impact on their results of operations, cash flows or financial condition.

A complaint was filed in October 2003 against SCE&G by the State of South Carolina alleging that SCE&G violated the Unfair Trade Practices Act by charging municipal franchise fees to some customers residing outside a municipality's limits. The complaint sought restitution to all affected customers and penalties of up to \$5,000 for each separate violation. The claim against SCE&G was settled by an agreement between the parties, and the settlement was approved in 2004 by South Carolina's Circuit Court of Common Pleas for the Fifth Judicial Circuit. In addition, SCE&G filed a petition with the SCPSC in October 2003 pursuant to S. C. Code Ann. R.103-836. The petition requests that the SCPSC exercise its jurisdiction to investigate the operation of the municipal franchise fee collection requirements applicable to SCE&G's electric and gas service, to approve SCE&G's efforts to correct any past franchise fee billing errors, to adopt improvements in the system which will reduce such errors in the future, and to adopt any regulation that the SCPSC deems just and proper to regulate the franchise fee collection process. A hearing on this petition has not been scheduled. The Company believes that the resolution of these matters will not have a material adverse impact on its results of operations, cash flows or financial condition.

The Company is also engaged in various other claims and litigation incidental to its business operations which management anticipates will be resolved without a material adverse impact on the Company's results of operations, cash flows or financial condition.

D. Nuclear Generation

On May 27, 2008, SCE&G and Santee Cooper announced that they had entered into a contractual agreement for the design and construction of two 1,117-megawatt nuclear electric generation units at the site of V. C. Summer Nuclear Station. SCE&G and Santee Cooper will be joint owners and share operating costs and generation output of the two additional units, with SCE&G accounting for 55 percent of the cost and output and Santee Cooper the remaining 45 percent. The first unit is expected to come on line in 2016, the second in 2019. SCE&G's share of the estimated cash outlays (future value) total \$5.411 billion for plant costs and \$636 million for transmission costs.

6. SEGMENT OF BUSINESS INFORMATION

The Company's reportable segments are listed in the following table. The Company uses operating income to measure profitability for its regulated operations. Therefore, earnings available to the common shareholder are not allocated to the Electric Operations and Gas Distribution segments. Intersegment revenues were not significant. All Other includes equity method investments.

Millions of Dollars	External Revenue	Operating Income (Loss)	Earnings (Loss) Available to Common Shareholder	Segment Assets
<i>Three Months Ended June 30, 2008</i>				
Electric Operations	\$ 579	\$ 129	n/a	
Gas Distribution	119	(1)	n/a	
All Other	-	-	\$ -	
Adjustments/Eliminations	-	(1)	58	
Consolidated Total	\$ 698	\$ 127	\$ 58	
<i>Six Months Ended June 30, 2008</i>				
Electric Operations	\$ 1,070	\$ 226	n/a	\$ 6,119
Gas Distribution	321	27	n/a	502
All Other	-	-	\$ -	-
Adjustments/Eliminations	-	(2)	115	1,706
Consolidated Total	\$ 1,391	\$ 251	\$ 115	\$ 8,327
<i>Three Months Ended June 30, 2007</i>				
Electric Operations	\$ 472	\$ 111	n/a	
Gas Distribution	103	-	n/a	
All Other	-	-	\$ (4)	
Adjustments/Eliminations	-	(2)	56	
Consolidated Total	\$ 575	\$ 109	\$ 52	
<i>Six Months Ended June 30, 2007</i>				
Electric Operations	\$ 917	\$ 166	n/a	\$ 5,746
Gas Distribution	292	27	n/a	463
All Other	-	-	\$ (10)	-
Adjustments/Eliminations	-	(3)	97	1,501
Consolidated Total	\$ 1,209	\$ 190	\$ 87	\$ 7,710

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

SOUTH CAROLINA ELECTRIC & GAS COMPANY

The following discussion should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations appearing in South Carolina Electric & Gas Company's (SCE&G, and together with its consolidated affiliates, the Company) Annual Report on Form 10-K for the year ended December 31, 2007.

**RESULTS OF OPERATIONS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2008
AS COMPARED TO THE CORRESPONDING PERIODS IN 2007**

Net Income

Net income was as follows:

Millions of dollars	Second Quarter		Year to Date	
	2008	2007	2008	2007
Net income	\$ 60.2	\$ 53.7	\$ 119.1	\$ 91.1

Second Quarter

Net income increased primarily due to higher electric margin of \$14.1 million and higher gas margin of \$0.6 million, partially offset by increased operation and maintenance expense of \$4.8 and other taxes of \$2.8 million. These amounts are on an after-tax basis.

Year to Date

Net income increased primarily due to higher electric margin of \$33.8 million and higher gas margin of \$2.7 million, partially offset by increased operation and maintenance expense of \$5.0 million and other taxes of \$4.5 million. These amounts are on an after-tax basis.

Dividends Declared

The Company's Board of Directors has declared the following dividends on common stock held by SCANA Corporation (SCANA) during 2008:

Declaration Date	Amount	Quarter Ended	Payment Date
February 14, 2008	\$40.7 million	March 31, 2008	April 1, 2008
April 24, 2008	40.8 million	June 30, 2008	July 1, 2008
July 31, 2008	41.3 million	September 30, 2008	October 1, 2008

Electric Operations

Electric Operations is comprised of the electric operations of SCE&G, South Carolina Generating Company, Inc. (GENCO) and South Carolina Fuel Company, Inc. (SCFC). Electric operations sales margin (including transactions with affiliates) was as follows:

Millions of dollars	2008	Second Quarter		2008	Year to Date	
		% Change	2007		% Change	2007
Operating revenues	\$ 578.8	22.6%	\$ 472.0	\$ 1,069.8	16.7%	\$ 916.6
Less: Fuel used in electric generation	227.4	48.7%	152.9	404.3	30.9%	308.8
Purchased power	16.2	*	6.6	20.9	16.1%	18.0
Margin	\$ 335.2	7.3%	\$ 312.5	\$ 644.6	9.3%	\$ 589.8

*Greater than 100%

Second Quarter

Margin increased by \$17.3 million due to increased retail electric rates that went into effect in January 2008 and \$4.1 million due to customer growth and usage, partially offset by lower off-system sales of \$0.6 million.

Year to Date

Margin increased by \$34.8 million due to increased retail electric rates that went into effect in January 2008, by \$10.7 million due to customer growth and usage, by \$5.6 million due to higher off-system sales and by \$1.7 million due to higher industrial sales.

Gas Distribution

Gas Distribution is comprised of the local distribution operations of SCE&G. Gas distribution sales margin (including transactions with affiliates) was as follows:

Millions of dollars	Second Quarter			Year to Date		
	2008	% Change	2007	2008	% Change	2007
Operating revenues	\$ 119.3	15.6%	\$ 103.2	\$ 321.6	10.0%	\$ 292.3
Less: Gas purchased for resale	95.9	18.5%	80.9	245.2	11.3%	220.3
Margin	\$ 23.4	4.9%	\$ 22.3	\$ 76.4	6.1%	\$ 72.0

Second Quarter

Margin increased by \$0.9 million due to the Public Service Commission of South Carolina (SCPSC)-approved increase in retail gas base rates which became effective with the first billing cycle of November 2007 and by \$0.2 million due to customer growth.

Year to Date

Margin increased by \$2.8 million due to the SCPSC-approved increase in retail gas base rates which became effective with the first billing cycle of November 2007 and by \$1.5 million due to customer growth.

Other Operating Expenses

Other operating expenses were as follows:

Millions of dollars	Second Quarter			Year to Date		
	2008	% Change	2007	2008	% Change	2007
Other operation and maintenance	\$ 124.7	6.7%	\$ 116.9	\$ 254.2	3.3%	\$ 246.0
Depreciation and amortization	67.6	(8.6)%	74.0	135.5	(11.6)%	153.2
Other taxes	39.7	13.1%	35.1	79.7	9.9%	72.5

Second Quarter

Other operation and maintenance expenses increased \$5.3 million due to higher generation, transmission and distribution expenses. Depreciation and amortization expense decreased \$7.1 million due to the expiration of the synthetic fuel tax credits program (see *Income Taxes-Recognition of Synthetic Fuel Tax Credits*) and \$2.1 million due to the expiration of a three year amortization of deferred purchased power, partially offset by an increase of \$2.9 million due to property additions. Other taxes increased due to higher property taxes.

Year to Date

Other operation and maintenance expenses increased \$2.7 million due to higher generation, transmission and distribution expenses and \$2.6 million higher incentive and other benefit costs. Depreciation and amortization expense decreased \$19.1 million due to the expiration of the synthetic fuel tax credits program (see *Income Taxes-Recognition of Synthetic Fuel Tax Credits*) and \$4.3 million due to the expiration of a three year amortization of deferred purchased power, partially offset by an increase of \$5.8 million due to property additions.. Other taxes increased due to higher property taxes.

Income Taxes

Income tax expense increased primarily due to changes in operating income and the recognition of no synthetic fuel tax credits during the first half of 2008 compared to \$7.1 million and \$18.5 million for the three and six months ended June 30, 2007, respectively.

Recognition of Synthetic Fuel Tax Credits

SCE&G holds equity-method investments in two partnerships that were involved in converting coal to synthetic fuel, the use of which fuel qualified for federal income tax credits. Under an accounting methodology approved by the SCPSC in a January 2005 order, construction costs related to the Lake Murray back-up dam project were recorded in utility plant in service in a special dam remediation account, outside of rate base, and depreciation was recognized against the balance in this account on an accelerated basis, subject to the availability of the synthetic fuel tax credits. The synthetic fuel tax credit program expired at the end of 2007.

For 2007, the level of depreciation expense and related tax benefit recognized in the income statement was equal to the available synthetic fuel tax credits, less partnership losses and other expenses, net of taxes. As a result, the balance of unrecovered costs in the dam remediation account declined as accelerated depreciation was recorded. Although these entries collectively had no impact on consolidated net income, they did have a significant impact on individual line items within the income statement, as follows:

Millions of dollars	Three Months Ended June 30, 2007	Six Months Ended June 30, 2007
Depreciation and amortization expense	\$ (7.1)	\$ (19.1)
Income tax benefits:		
From synthetic fuel tax credits	6.8	17.7
From accelerated depreciation	2.7	7.3
From partnership losses	1.5	3.6
Total income tax benefits	11.0	28.6
Losses from Equity Method Investments	(3.9)	(9.5)
Impact on Net Income	\$ -	\$ -

Available credits were not sufficient to fully recover the construction costs of dam remediation, therefore, regulatory action to allow recovery of those remaining costs will be sought. In addition, SCE&G records non-cash carrying costs on the unrecovered investment, which amounts were \$1.4 million and \$1.3 million in the second quarter of 2008 and 2007, respectively. As of June 30, 2008, remaining unrecovered costs, including carrying costs, were \$71.2 million. The Company expects these costs to be recoverable through rates.

LIQUIDITY AND CAPITAL RESOURCES

The Company anticipates that its contractual cash obligations will be met through internally generated funds, the incurrence of additional short- and long-term indebtedness and sales of equity securities. The Company expects that it has or can obtain adequate sources of financing to meet its projected cash requirements for the foreseeable future. The Company's ratios of earnings to fixed charges for the 6 and 12 months ended June 30, 2008 were 3.31 and 3.77, respectively. The Company's ratios of earnings to combined fixed charges and preference dividends for the same periods were 3.10 and 3.52, respectively.

The Company's cash requirements arise primarily from its operational needs, funding its construction programs and payment of dividends to SCANA. The ability of the Company to replace existing plant investment, to expand to meet future demand for electricity and gas and to install equipment necessary to comply with environmental regulations will depend upon its ability to attract the necessary financial capital on reasonable terms. SCE&G recovers the costs of providing services through rates charged to customers. Rates for regulated services are generally based on historical costs. As customer growth and inflation occur and SCE&G continues its ongoing construction program, SCE&G expects to seek increases in rates. The Company's future financial position and results of operations will be affected by SCE&G's ability to obtain adequate and timely rate and other regulatory relief, if requested.

The Company's issuance of various securities, including short- and long-term debt, is subject to customary approval or authorization by state and federal regulatory bodies including the SCPSC and FERC.

On January 14, 2008 SCE&G issued \$250 million of First Mortgage Bonds bearing an annual interest rate of 6.05% and maturing on January 15, 2038. Proceeds from the sale of these bonds were used to repay short-term debt primarily incurred as a result of SCE&G's construction program and for general corporate purposes. Concurrent with this issuance, SCE&G terminated several 30-year forward-starting swaps having an aggregate notional amount of \$250 million. The resulting loss of approximately \$14.0 million on the settlement of these swaps will be amortized over the life of the bonds.

On May 30, 2008 GENCO issued \$80 million in notes bearing an annual interest rate of 6.06% and maturing on June 1, 2018. Proceeds from the sale of the notes were used to repay short-term debt primarily incurred as a result of GENCO's construction program. An additional \$80 million is expected to be issued in October 2008 with similar terms.

On June 24, 2008, SCE&G issued \$110 million of First Mortgage Bonds bearing an annual interest rate of 6.05% and maturing on January 15, 2038. Proceeds from the sale of these bonds were used to repay short term debt and for general corporate purposes. Concurrent with this issuance, SCE&G terminated a treasury lock having a notional amount of \$110 million. The resulting gain of approximately \$0.5 million will be amortized over the life of the bonds.

SCE&G and GENCO have obtained Federal Energy Regulatory Commission (FERC) authority to issue short-term indebtedness (pursuant to Section 204 of the Federal Power Act). SCE&G may issue up to \$700 million of unsecured promissory notes or commercial paper with maturity of one year or less, and GENCO may issue up to \$100 million of short-term indebtedness. FERC's approval expires in February 2010.

Nuclear Generation

On May 27, 2008, SCE&G and Santee Cooper, a state owned utility in South Carolina (joint owners of V. C. Summer Nuclear Station) announced that they had entered into a contractual agreement for the design and construction of two 1,117-megawatt nuclear electric generation units at the site of V. C. Summer Nuclear Station. SCE&G and Santee Cooper will be joint owners and share operating costs and generation output of the two additional units, with SCE&G accounting for 55 percent of the cost and output and Santee Cooper the remaining 45 percent. The first unit is expected to come on line in 2016, the second in 2019. SCE&G's share of the estimated cash outlays are as follows:

Future Value Millions of dollars	2007	2008	2009-2010	2011-2012	After 2012	Total
Plant Costs	\$ 21	\$ 183	\$ 1,095	\$ 1,431	\$ 2,681	\$ 5,411
Transmission Costs	-	-	-	2	636	638

The above amounts are not reflected in the contractual cash obligations table included in the 2007 Form 10-K.

In addition, on April 1, 2008 SCE&G announced that an agreement had been reached authorizing the purchase of long lead-time materials for up to two new Westinghouse AP 1000 nuclear generating units. While seeking authorization from regulators for two plants and maintaining a position on the schedule for long-lead materials for two plants, SCE&G intends to maintain flexibility as to the number of plants to build, through contractual off-ramps up until the final notice to proceed with construction is granted which SCE&G anticipates will be in 2011.

For information on SCE&G's regulatory filings related to nuclear generation, see Note 2 in the condensed consolidated financial statements.

ENVIRONMENTAL AND REGULATORY MATTERS

The United States Environmental Protection Agency (EPA) issued a final rule in 2005 known as the Clean Air Interstate Rule (CAIR). CAIR requires the District of Columbia and 28 states, including South Carolina, to reduce nitrogen oxide and sulfur dioxide emissions in order to attain mandated state levels. CAIR had set emission limits to be met in two phases beginning in 2009 and 2015, respectively, for nitrogen oxide and beginning in 2010 and 2015, respectively, for sulfur dioxide. Numerous states, environmental organizations, industry groups and individual companies challenged the rule, seeking a change in the method CAIR used to allocate sulfur dioxide emission allowances. On July 11, 2008, the United States Court of Appeals for the District of Columbia Circuit vacated the rule in its entirety and remanded it to the EPA for further rulemaking. Prior to the Court of Appeals' decision, SCE&G and GENCO had determined that additional air quality controls would be needed to meet the CAIR requirements, including the installation of selective catalytic reactor (SCR) technology at Cope Station for nitrogen oxide reduction and wet limestone scrubbers at both Wateree and Williams Stations for sulfur dioxide reduction. SCE&G and GENCO have already begun to install this equipment, and expect to incur capital expenditures totaling approximately \$560 million through 2010. The Company cannot predict when the EPA will issue a revised rule or what impact the rule will have on SCE&G and GENCO. Any costs incurred to comply with this vacated rule or other rules issued by the EPA in the future are expected to be recoverable through rates.

The EPA issued a final rule referred to as the Clean Air Mercury Rule (CAMR) in 2005 establishing a mercury emissions cap and trade program for coal-fired power plants that required limits to be met in two phases, in 2010 and 2018. Numerous parties challenged the rule. On February 8, 2008, the United States Circuit Court for the District of Columbia vacated the rule for electric utility steam generating units. The Company cannot predict the effect of this ruling on implementation of CAMR state implementation plans (SIP) and newly promulgated CAMR regulations by the states.

See notes to the condensed consolidated financial statements for additional information related to environmental matters (Note 5B) and regulatory matters (Note 2).

OTHER MATTERS

For additional information related to claims and litigation, see Note 5C to the condensed consolidated financial statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

All financial instruments held by the Company described below are held for other than trading purposes.

Interest rate risk - The table below provides information about long-term debt issued by the Company which is sensitive to changes in interest rates. The table presents principal cash flows and related weighted average interest rates by expected maturity dates. Fair value represents quoted market prices.

As of June 30, 2008	Expected Maturity						There- after	Total	Fair Value
	2008	2009	2010	2011	2012				
Millions of dollars									
Long-Term Debt Issued:									
Fixed Rate (\$)	3.7	103.7	10.4	164.9	11.0	2,096.9	2,390.6	2,398.4	
Average Interest Rate (%)	7.78	6.18	6.31	6.70	4.98	5.88	5.95		

While a decrease in interest rates would increase the fair value of debt, it is unlikely that events which would result in a significant realized loss will occur.

Commodity price risk - The following table provides information about the Company's financial instruments that are sensitive to changes in natural gas prices. Weighted average settlement prices are per 10,000 dekatherms. Fair value represents quoted market prices.

Expected Maturity:

	Futures Contracts		Options	
	Long	Short	Purchased Call Long	Purchased Put Long
2008				
Settlement Price ^(a)	13.74	13.14	Strike Price ^(a) 10.25	8.79
Contract Amount ^(b)	9.1	7.1	Contract Amount ^(b) 14.5	23.6
Fair Value ^(b)	14.3	6.6	Fair Value ^(b) 5.2	(0.1)
2009				
Settlement Price ^(a)	13.26		Strike Price ^(a) 12.59	8.44
Contract Amount ^(b)	18.5		Contract Amount ^(b) 27.2	22.4
Fair Value ^(b)	27.4		Fair Value ^(b) 6.0	(0.4)

(a) Weighted average, in dollars

(b) Millions of dollars

Swaps	2008	2009
Commodity Swaps:		
Pay fixed/receive variable ^(b)	33.7	48.0
Average pay rate ^(a)	9.170	9.299
Average received rate ^(a)	13.782	12.985
Fair value ^(b)	50.7	67.0
Pay variable /receive fixed ^(b)	19.5	23.7
Average pay rate ^(a)	13.799	14.275
Average received rate ^(a)	10.217	12.425
Fair value ^(b)	14.4	20.7

(a) Weighted average, in dollars

(b) Millions of dollars

ITEM 4T. CONTROLS AND PROCEDURES

As of June 30, 2008, South Carolina Electric & Gas Company (SCE&G) conducted an evaluation under the supervision and with the participation of its management, including its Chief Executive Officer (CEO) and Chief Financial Officer (CFO), of (a) the effectiveness of the design and operation of its disclosure controls and procedures and (b) any change in its internal control over financial reporting. Based on this evaluation, the CEO and CFO concluded that, as of June 30, 2008, SCE&G's disclosure controls and procedures were effective. There has been no change in SCE&G's internal control over financial reporting during the quarter ended June 30, 2008 that has materially affected or is reasonably likely to materially affect SCE&G's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In February 2008 the consumer affairs staff (the staff) of the Georgia Public Service Commission (GPSC) recommended that the GPSC open an investigation into whether SCANA Energy Marketing, Inc. (SCANA Energy) had overcharged certain of its customers. The staff asserted that SCANA Energy confused certain customers, charged certain customers in excess of the published price, and failed to give proper notice of an alleged change in methodology for computing variable rates. While SCANA Energy believed the staff's assertions were without merit, in June 2008 SCANA Energy entered into a settlement agreement with the GPSC, agreeing to pay \$1.25 million in the form of credits on certain customers' bills and as a contribution to low-income assistance programs.

On February 26, 2008, a purported class action was filed in U.S. District Court for the Northern District of Georgia, originally styled Weiskircher, et al. v. SCANA Energy Marketing, Inc., containing similar allegations to those alleged by the staff and seeking damages on behalf of a class of Georgia customers. On June 13, 2008 the court dismissed the suit with prejudice. The plaintiffs subsequently filed a motion for reconsideration, which has been denied. While the plaintiffs may appeal the court's decision, SCANA Energy believes the allegations are without merit and will vigorously defend itself. Although the Company cannot predict the final outcome, it believes that a resolution of this matter will not have a material adverse impact on its results of operations, cash flows or financial condition.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

SCANA Corporation:

The following table provides information about purchases by or on behalf of SCANA Corporation (SCANA) or any affiliated purchaser (as defined in Rule 10b-18(a)(3) under the Securities Exchange Act of 1934, as amended (Exchange Act)) of shares or other units of any class of SCANA's equity securities that are registered pursuant to Section 12 of the Exchange Act:

Issuer Purchases of Equity Securities

Period	(a) Total number of shares (or units) purchased	(b) Average price paid per share (or unit)	(c) Total number of shares (or units) purchased as part of publicly announced plans or programs	(d) Maximum number (or approximate dollar value of shares (or units) that may yet be purchased under the plan or program
April 1-30	333,209	37.87	333,209	
May 1-31	108,601	40.30	108,601	
June 1-30	150,847	39.69	150,847	
Total	592,657		592,657	*

*On May 16, 2006 SCANA announced a program to convert from original issue to open market purchase of SCANA common stock for all applicable compensation and dividend reinvestment plans. This program had no stated maximum number of shares that could be purchased. This program expired effective July 1, 2008 when SCANA reverted from open market purchase to original issue of SCANA common stock for all applicable compensation and dividend reinvestment plans.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS (not applicable for South Carolina Electric & Gas Company).

The Annual Meeting of Shareholders of SCANA Corporation Common Stock (No Par Value) was held on April 24, 2008. The following matters were voted upon at the meeting.

1. To elect one (1) Class I Director; one (1) Class II Director and four (4) Class III Directors for the terms specified in the Proxy Statement.

Nominee	Number of Shares Voting For	Number of Shares Voting to Withhold Authority	Total Shares Voted
Bill L. Amick	80,002,392	19,858,920	99,861,312
Sharon A. Decker	98,239,582	1,621,730	99,861,312
D. Maybank Hagood	98,270,189	1,591,123	99,861,312
James M. Micali	98,326,621	1,534,691	99,861,312
James W. Roquemore	98,319,310	1,542,002	99,861,312
William B. Timmerman	97,882,883	1,978,429	99,861,312

2. To approve the appointment of Deloitte & Touche LLP as independent auditors for SCANA Corporation.

	Number of Shares
FOR	98,664,553
AGAINST	733,815
ABSTAIN	462,944
TOTAL	<u>99,861,312</u>

ITEM 6. EXHIBITS

SCANA Corporation (SCANA) and South Carolina Electric & Gas Company (SCE&G):

Exhibits filed or furnished with this Quarterly Report on Form 10-Q are listed in the following Exhibit Index.

As permitted under Item 601(b)(4)(iii) of Regulation S-K, instruments defining the rights of holders of long-term debt of less than 10 percent of the total consolidated assets of SCANA, for itself and its subsidiaries, and of SCE&G, for itself and its consolidated affiliates, have been omitted and SCANA and SCE&G agree to furnish a copy of such instruments to the Commission upon request.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, each of the registrants has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized. The signature of each registrant shall be deemed to relate only to matters having reference to such registrant and any subsidiaries thereof.

SCANA CORPORATION
SOUTH CAROLINA ELECTRIC & GAS COMPANY
(Registrants)

August 5, 2008

By: /s/James E. Swan, IV

James E. Swan, IV
Controller
(Principal accounting officer)

EXHIBIT INDEX

Exhibit No.	SCANA	SCE&G	Description																																																																																							
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			May 22, 2003 Exhibit 3.21(j)
			June 18, 2003 Exhibit 3.21(k)
			August 7, 2003 Exhibit 3.21(l)
3.07		X	Articles of Correction dated March 17, 2006, correcting March 14, 2006 Articles of Amendment (Filed as Exhibit 3.22 to Registration Statement No. 333-145208-01 and incorporated by reference herein)
3.08		X	Articles of Correction dated September 6, 2006, correcting August 16, 2006 Articles of Amendment (Filed as Exhibit 3.23 to Registration Statement No. 333-145208-01 and incorporated by reference herein)
3.09		X	Articles of Correction dated May 20, 2008, correcting May 15, 2008 Articles of Amendment (Filed as Exhibit 3.02 to Form 8-K on May 21, 2008 and incorporated by reference herein)
3.10	X		By-Laws of SCANA as revised and amended on December 13, 2000 (Filed as Exhibit 3.01 to Registration Statement No. 333-68266 and incorporated by reference herein)
3.11		X	By-Laws of SCE&G as revised and amended on February 22, 2001 (Filed as Exhibit 3.05 to Registration Statement No. 333-65460 and incorporated by reference herein)
10.01	X	X	Engineering, Procurement and Construction Agreement, dated May 23, 2008, between South Carolina Electric & Gas Company, for itself and as Agent for the South Carolina Public Service Authority and a Consortium consisting of Westinghouse Electric Company LLC and Stone & Webster, Inc. (portions of the exhibit have been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended) (Filed herewith)
31.01	X		Certification of Principal Executive Officer Required by Rule 13a-14 (Filed herewith)
31.02	X		Certification of Principal Financial Officer Required by Rule 13a-14 (Filed herewith)
31.03		X	Certification of Principal Executive Officer Required by Rule 13a-14 (Filed herewith)
31.04		X	Certification of Principal Financial Officer Required by Rule 13a-14 (Filed herewith)
32.01	X		Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350 (Furnished herewith)
32.02	X		Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350 (Furnished herewith)
32.03		X	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350 (Furnished herewith)
32.04		X	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350 (Furnished herewith)